ENGINEERING THE FUTURE

ANNUAL REPORT 2009

APRIL 1, 2008 — MARCH 31, 2009

JGC CORPORATION

PROFILE

JGC Corporation was founded in 1928, and in the ensuing years has completed over 20,000 projects in approximately 70 countries, making it one of the world's top engineering contractors. The Company has developed proprietary engineering technology and has displayed unsurpassed project management capabilities in the fields of oil and gas development, petroleum refining, natural gas processing, petrochemicals and other hydrocarbons, chemicals, power generation and new energy, as well as general production, environmental protection, IT and other industrial fields. In response to the diverse needs of its clients, JGC has moved beyond its role as contractor, and is also investing in businesses such as resource development, power generation and desalination. JGC is moving beyond the framework of the traditional engineering contractor to become a "Standout Engineering Enterprise."

CORPORATE PHILOSOPHY

The JGC Group, with its core business of engineering-based services, reaffirms its corporate policy of pursuing the highest standards of performance and achieving enduring growth as a globally active company, while contributing to world economic and social prosperity as well as to the conservation of the earth's environment.

CORE VALUES

Each and every person working in the JGC Group, from director to employee, full-time or part-time, understands and adheres to the core values stated below as integral to realizing corporate policy:

1. Decision-making: Highest ethical standards and sense of legal responsibility
2. Conduct: Fairness and transparency
3. Corporate atmosphere: Progressive spirit and open mind
4. Corporate direction: Customer satisfaction and trust of society, as well as corporate growth in harmony with society

MANAGEMENT POLICIES

Sharing these core values, the JGC Group seeks to continuously provide services and products based on the highest standards of technology and in compliance with the following management policies:

1. Secure profit and realize continuous growth
2. Strengthen power of JGC Group technologies and establish innovative technologies, as well as develop lines of business with vertical and horizontal diversification
3. Accumulate and utilize capital and resources with provision for the future
4. Maintain fair personnel policy and develop capabilities as well as vitality of individuals

RESPONSIBILITIES

As a globally active entity with engineering-based services as its core business, JGC Group makes the maximum effort to enhance its corporate values and, in doing so, realize its corporate policy, with the fullest level of recognition given to social responsibilities:

1. Conservation of the earth's environment and engagement in corporate activities beneficial to society
2. Accountability and integrity
3. Fair trade and fostering mutually beneficial relationships
4. Shareholders' confidence

PRINCIPLES OF BUSINESS CONDUCT

For the long-term stability of the JGC Group and for its further growth, each person working, from director to employee, full-time or part-time, is required to keep in mind clear principles of business conduct and perform his or her daily activities in compliance with such principles. Through continued stable operations, JGC Group achieves its Corporate Philosophy by maintaining and honoring the following principles derived from the previously stated "Core Values":

1. DECISION-MAKING: HIGHEST ETHICAL STANDARDS AND SENSE OF LEGAL RESPONSIBILITY

(1) Behave in accordance with the highest ethical standards, and in a socially acceptable manner.

(2) Understand the requirements, and observe the laws, regulations and rules of the business conducted.

2. CONDUCT: FAIRNESS AND TRANSPARENCY

(1) Be fair, honest and transparent at all times in conducting business.

(2) Maintain integrity in all the relationships that constitute the business being conducted.

3. CORPORATE ATMOSPHERE: PROGRESSIVE SPIRIT AND OPEN MIND

(1) Maintain a progressive spirit not restricted merely to established business practices, and behave at all times with a sense of innovation and improvement not limited to traditional practices.

(2) Based on a will to achieve objectives, devote oneself to the maximum extent possible as an individual and to the team.

(3) Through free and aggressive exchanges, strive to enhance the intelligence of the organization.

4. CORPORATE DIRECTION: CUSTOMER SATISFACTION AND TRUST OF SOCIETY, AS WELL AS CORPORATE GROWTH IN HARMONY WITH SOCIETY

(1) Gain the trust of clients and shareholders by performing faithfully and by providing an adequate level of information.

(2) Direct efforts at providing reliable services and products that satisfy the client's needs.

(3) Seek corporate growth together with the development of society, in the knowledge that without prosperity of society the JGC Group will not grow.

MANAGEMENT VISION

The first principle at JGC is to have an accurate grasp of customer needs and to bring the Company's unique intellectual capital to bear on these needs, thereby contributing to prosperity by providing customer satisfaction. Next, while moving forward with vertical integration and horizontal expansion, the Company is responding to changing customer requirements by using its operational assets in unlimited innovation, striving to remain a trusted partner for success and a solutions provider.

CONTENTS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS
This annual report contains information about forward-looking statements related to such matters as the plans, strategies, and business results of JGC and the JGC Group. These forward-looking statements represent judgments made by the Company based on information available at present and are inherently subject to a variety of risks (see page 41) and uncertainties. The Company's actual activities and business results could differ significantly due to factors including, but not limited to, changes in the economic environment, business environment, demand, and exchange rates.

FINANCIAL HIGHLIGHTS

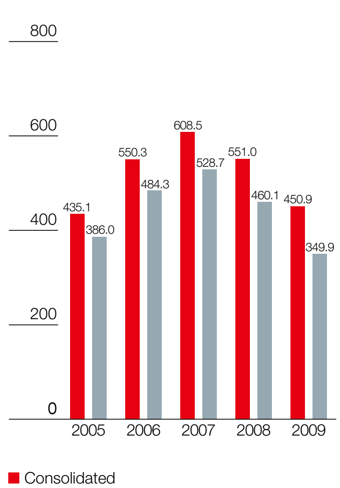
For the years ended March 31.
Yen amounts are in millions except per share data.

Consolidated	2009	2008	2007 Millions of yen	Thousands of U.S. dollars 2009
Net Sales	**¥450,912**	¥551,062	¥608,530	**$4,590,370**
Operating Income	**52,003**	44,896	26,413	**529,400**
Income Before Taxes on Income and Minority Interests in Earnings of Consolidated Subsidiaries	**49,444**	46,908	31,823	**503,349**
Net Income	**31,543**	30,020	20,187	**321,114**
Net Income per Share (in yen and U.S. dollars)	**124.76**	118.33	79.52	**1.27**
New Contracts	**506,135**	402,352	301,347	**5,152,550**
Outstanding Contracts	**727,321**	632,827	744,679	**7,404,265**

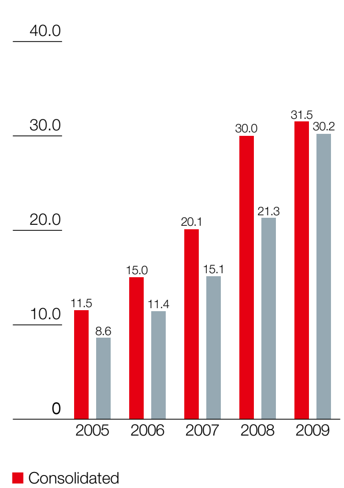
Non-Consolidated	2009	2008	2007 Millions of yen	Thousands of U.S. dollars 2009
Net Sales	**¥349,925**	¥460,161	¥528,794	**$3,562,203**
Operating Income	**41,356**	30,550	14,432	**421,012**
Income Before Taxes on Income	**44,578**	32,832	21,538	**453,812**
Net Income	**30,214**	21,312	15,183	**307,584**
Net Income per Share (in yen and U.S. dollars)	**119.50**	84.01	59.81	**1.22**
New Contracts	**440,548**	348,755	255,015	**4,484,862**
Outstanding Contracts	**698,002**	607,378	728,168	**7,105,792**

Notes: 1. U.S. dollar amounts represent translation of Japanese yen, for convenience only, at the rate of ¥98.23=$1.00, the prevailing rate of exchange as of March 31, 2009.
2. Net income per share is computed based upon the average number of shares of common stock outstanding during the period.

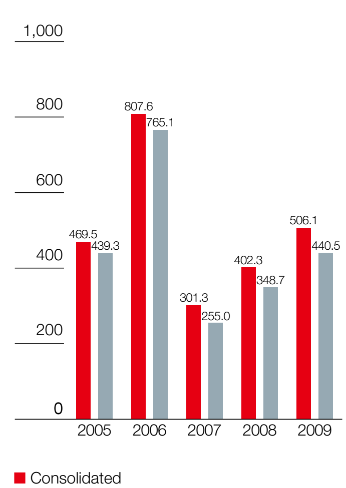
NET SALES
(Billions of yen)



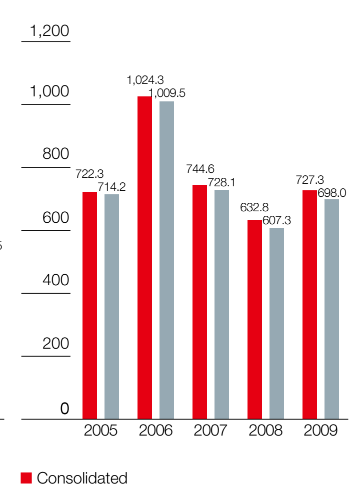
NET INCOME
(Billions of yen)



NEW CONTRACTS
(Billions of yen)



OUTSTANDING CONTRACTS
(Billions of yen)



HAVING ACHIEVED RECORD NET INCOME IN FISCAL 2008, FROM JUNE 2009 WE ARE IMPLEMENTING OUR CORPORATE STRATEGIES UNDER A NEW TOP MANAGEMENT LINEUP

In fiscal 2008, the year ended March 31, 2009, the support of shareholders and customers, as well as the hard work of everybody in the Group, helped JGC to report consolidated net sales of ¥450.9 billion, operating income of ¥52.0 billion (record high), and net income of ¥31.5 billion (record high). As a result, JGC was able to pay shareholders an annual dividend of ¥30.0 yen per share for fiscal 2008, an increase of ¥9.0 from the previous year. New contracts for the fiscal year totaled ¥506.1 billion, which unfortunately did not meet the initial forecast of ¥700 billion. This was because the letter of intent issued in May 2008 for a large oil refinery project in Kuwait was canceled by the client in March 2009. Our forecast for fiscal 2009 is for consolidated net sales of ¥450 billion, operating income of ¥34.5 billion, and net income of ¥20.5 billion, and we plan on paying a full-year dividend of ¥20.0 per share. We have set a target for orders of ¥500 billion, and will do our best to achieve this target.

We would like to report that Yoshihiro Shigehisa, who since 2002 has led the JGC Group as Chairman and Chief Executive Officer, stepped down from these positions effective June 26. Yoshihiro Shigehisa became Chairman Emeritus of the JGC Group and continues to direct his efforts at the further development of the company. Keisuke Takeuchi, President and COO, replaced Yoshihiro Shigehisa as Chairman and Chief Executive Officer, while Masahiko Yaegashi, Executive Vice President and CPO, was appointed as President and COO.

We have also made moves to rejuvenate our management team. This new management team will continue to carry out the management strategies we have pursued up until this point.

WITH OUR MAJOR CUSTOMERS MAINTAINING THEIR DEVELOPMENT INVESTMENTS IN FISCAL 2009, JGC WILL CONTINUOUSLY SUPPORT THEM AS THEIR BEST PARTNER

In fiscal 2008, the engineering market went through very significant changes. In the first half of the year, the market was still experiencing a boom in plant construction, particularly in the Middle East, underpinned by the rise in crude oil prices. However, in the second half of the year, the large drop in the price of crude oil triggered by the financial crisis stemming from the U.S. started to cast a large shadow on the market. It was indeed a year where the business environment changed dramatically. On July 11, crude oil hit a record high of $147 per barrel in New York, but then fell to around $30 per barrel at one point—such changes are rarely seen.

The schedule for the implementation of project plans by the oil majors and the state-owned oil companies in fiscal 2009 has become uncertain due to a number of factors, including decline in economic viability of new plans due to the drop in crude oil prices, the difficulty for customers to procure funds due to the contraction in financial markets, and the fact that clients are expecting plant costs fall and are therefore taking a wait-and-see stance with respect to decisions on investments. This is especially true in the petrochemicals area, in which the profitability of projects is particularly affected by product prices.

ENGINEERING THE FUTURE

We would like to express our sincere gratitude to our shareholders for their constant support to the Company and Group. Since June 2009 we have been mobilizing our directors and employees to strengthen our earnings framework under a new management team.

(left) **Keisuke Takeuchi**
Chairman of the Board of Directors and Chief Executive Officer

(right) **Masahiko Yaegashi**
President and Chief Operating Officer

Overall, however, the oil majors and the state-run oil companies of countries rich in natural resources are taking an aggressive stance, having formulated development and investment plans for the upcoming few years that continue investments in upstream areas related to oil and natural gas development, and infrastructure projects such as plants for processing natural gas to fuel power plants. This stance is underscored by the fact that ongoing resource development is necessary in light of the accelerating natural depletion of existing large oil fields and the rise in demand for electric power due to the rising population and industrial diversification in the Middle East.

JGC's planning is to manage its businesses in line with these business strategies of the oil majors and oil producing countries. Our main focus will be on upstream businesses related to oil and gas development, where ongoing investment is expected to continue. Geographically, we will continue to focus on the Middle East and Northern Africa, but we will return to the Asia-Pacific region and also consider business development in Russia and South America.

KEEPING E&C AS OUR CORE BUSINESS, WE ARE ALSO FOCUSED ON NEW BUSINESSES FROM THE INDUSTRIAL DIVERSIFICATION OF RESOURCE-RICH COUNTRIES

In fiscal 2009, we expect competition for orders to intensify as the market environment becomes increasingly uncertain and so we will take measures to become even more competitive at winning orders. Specifically, we will clearly differentiate JGC from our competitors by undertaking activities in upstream businesses closely tied to our clients' business plans, such as PMC (Project Management Consulting) and front end engineering design (FEED), in addition to our core E&C business.

Furthermore, our local engineering subsidiaries in countries such as Saudi Arabia, Algeria and Vietnam will independently handle the numerous small- and medium-sized projects planned in resource-rich countries, which will enhance the JGC Group's project execution capabilities as a whole.

JGC has carried out the enterprise investment business in areas where we are able to leverage the technological capabilities we have accumulated through the E&C business, such as the oil and natural gas development and production business, the water desalination and power generation businesses and the emissions credits trading business. Going forward, we plan to focus on new businesses born out of the industrial diversification of countries rich in natural resources.

There is an increasingly acute shortage of electric power in the resource-rich countries in the Middle East and North Africa arising in conjunction with the explosive growth in populations. In response to the power shortage, we have begun studying plans for launching a business for the conversion of abundant sunlight into electric power, supplying it to urban areas where the demand for electric power has increased most noticeably. Moreover, we are aiming to start a business along with companies specializing in the water business to address the matter of inadequate water supplies.

In the Middle East, demand for higher-quality housing is on the rise. At JGC, we are working to establish a housing supply business with home manufacturers, while leveraging the knowledge we have cultivated in the Middle East. Furthermore, we are progressing with tests for launching environmental businesses, such as our starting to study lake purification business in China, where water pollution has become a problem. In these new areas, in addition to business investments, we are planning to participate in a wide range of business fields, such as program management, FEED, EPC and O&M.

Looking hereon forward, JGC will maintain E&C as our core business, while aiming to be a "Standout Engineering Enterprise" that can help clients in the enterprise investment business and a wide range of other business fields.

We thank you sincerely for your continued support.

July 2009

Keisuke Takeuchi
Chairman of the Board of Directors and Chief Executive Officer

Masahiko Yaegashi
President and Chief Operating Officer

INITIATIVES TO DEEPEN AND EXPAND THE SCOPE OF OUR BUSINESS

Maximizing our experience and knowledge as a top contractor, we respond with visionary foresight to all the needs of our customers.

SPECIAL FEATURE 1

INITIATIVES IN THE EXPANDING LNG MARKET

—JGC THE TOP CONTRACTOR IN THIS FIELD—

The environment surrounding energy has begun to undergo significant changes, including the issues of a growing global energy demand, securing a stable supply of energy, and global warming. While the 20th Century was called the "Oil Century," the 21st Century is being called the "Natural Gas Century." Liquefied Natural Gas (LNG), a means of transporting natural gas which is an environmentally-friendly energy form, is expected to see an increase in demand over the long term. In light of this trend, we have rejuvenated our LNG business plans.

The LNG market, which has thus far grown primarily in the Pacific region based on exports to Japan, Korea and Taiwan, is expanding to include many countries around the world, including the Americas, countries in Europe, as well as China and India. While there were only eight countries importing LNG in 1990, there are currently 22 countries that import LNG (including countries in the process of constructing LNG receiving terminals), and the number is expected to increase to 32 countries when countries planning to build receiving terminals are added. This growth is attributable to a number of factors. In Europe, in order to secure a stable supply of energy, countries are looking to diversify the sources of their natural gas imports, rather than depending solely on natural gas pipelines. Meanwhile, in countries such as China and India, energy demand has increased against a backdrop of population growth and further industrialization.

Due to the expectations for increasing LNG demand around the world, since around 2003 many LNG plant construction plans have been advanced in Southeast Asia, the Middle East, Oceania, and Africa. However, over the past several years, new LNG plan development costs have become roughly three times higher than in 2003, due to a marked rise in equipment and materials prices and a shortage of skilled workers. As a result, LNG business developers temporarily postponed any decisions about investments. However, development costs are now gradually declining in conjunction with the global economic slowdown triggered by the financial crisis that started in the U.S. in September 2008, and LNG business developers are beginning to once again aggressively pursue business initiatives. These plans include a wide range of projects. Among them is a project to construct the world's largest liquefaction facility with annual output of more than 8 million tons of LNG, projects to construct small- to medium-sized LNG plants with annual outputs of between one and two million tons, a plan to build a floating LNG plant that liquefies natural gas at sea as a means of developing small- and medium-sized stranded gas fields located far away from the coast, and most recently an LNG project that will use methane from coalbeds.

LNG carrier

LNG plant, Malaysia

LNG plant, Australia

Since completing our first LNG project in Brunei in 1970, which was aimed at exports of LNG to Japan, JGC has built many LNG plants around the world, including Malaysia, Indonesia and Australia, and boasts a 35% market share (as of April 2009) on a global LNG production volume basis, which gives us the largest market share. We are currently constructing LNG plants in Indonesia and Yemen, as well as conducting project feasibility studies and Front End Engineering and Design (FEED) work. In 2008, we received an order to carry out FEED for an LNG plant that INPEX Corporation is working on for INPEX Browse, Ltd. in Australia. We are also conducting feasibility studies on floating LNG plants. Furthermore, JGC is engaged in LNG plant-related technological development and research, working aggressively to make LNG plants even safer and more reliable, reduce costs, and shorten the time needed to complete projects. Such efforts include developing CCS (Carbon Dioxide Capture and Storage) technology to separate, collect and store underground the carbon dioxide contained in natural gas, optimizing the overall lifecycle cost of LNG plants, increasing their operability and safety, and developing electric-motor-driven LNG plants (eLNG), the next generation of LNG plants which are environmentally friendly. One example of these efforts is the development of a gas leak and explosion simulation system, which has raised the safety level of LNG plants during operation.

Going forward, JGC will continue to be a leading LNG plant contractor, and satisfy any and all client needs while developing the clean energy of the LNG business and helping to protect the global environment.

SPECIAL FEATURE 2

INITIATIVES IN THE UPSTREAM DOMAIN

—JGC UNITES OIL AND GAS WELLS WITH DOWNSTREAM FACILITIES—

TREND IN GLOBAL ENERGY INVESTMENT

Global demand for crude oil has been on the decline in conjunction with the drastic global economic slowdown that began in the second half of 2008, and crude oil prices in 2009 have fallen to the level seen in the 2004–2005 period. Since September 2008, the International Energy Agency (IEA) has repeatedly lowered its forecast for 2009 petroleum demand, and there is a widening view that a full-fledged recovery in crude oil demand will not materialize until 2010.

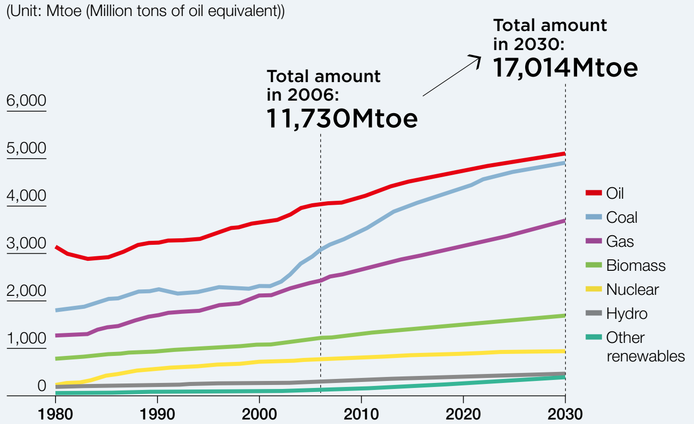
However, despite this situation, international oil companies and large state-owned oil companies are all implementing the same policies of steadily increasing crude oil production volume in anticipation of an economic recovery and a consequent growth in consumption, rather than being swayed by short-term economic trends and fluctuations in crude oil prices. One reason that companies are not reducing their level of investment for the future is that most experts agree that demand for primary energy will undoubtedly rise over the long term. For example, the IEA is forecasting that world primary energy demand in 2030 will be 1.45 times the current level. In addition, some of the oil fields currently producing oil have matured and output levels have begun to tail off. Consequently, oil companies are pushing through with plans to maintain or increase crude oil production volume, rather than being influenced by the short-term economic situation.

Furthermore, a breakdown of investment in future development by the international oil companies and leading state-owned oil companies indicates that over one-half of all investment money is being allocated to upstream businesses, based on a strategy of increasing reserves through aggressive investment in exploration and production.


Crude oil recovery plant, Algeria

WORLD PRIMARY ENERGY DEMAND FORECAST

(Unit: Mtoe (Million tons of oil equivalent))

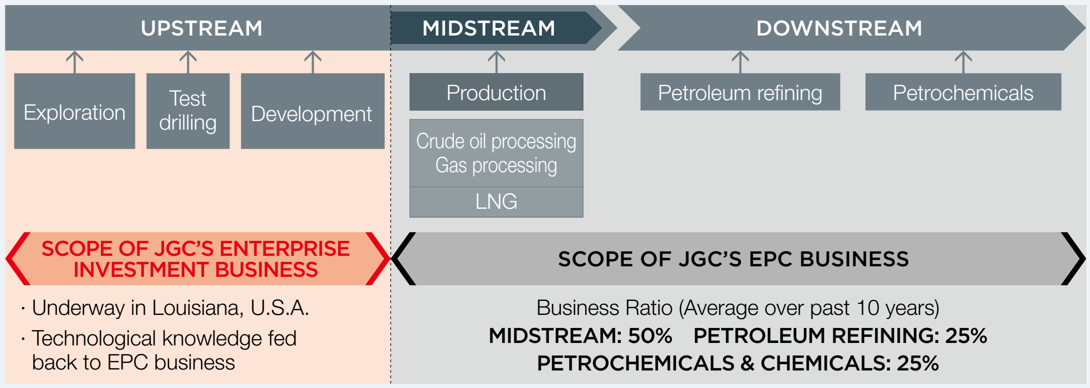


(Source: IEA World Energy Outlook 2008)

BUSINESS FIELDS WHERE JGC CAN SUPPORT CLIENTS

JGC has traditionally been an engineering contractor, specializing in downstream areas such as oil refineries

HYDROCARBONS BUSINESS SCOPE



*Among the upstream businesses, production is also referred to as a midstream business

and ethylene plants. However, over the past decade, within the hydrocarbon business, production-related plants classified in the upstream area (crude oil processing, gas processing, LNG, etc.) have accounted for roughly 50% of overall net sales. We are currently constructing a large crude oil processing plant in Saudi Arabia and a crude oil and gas processing plant in Algeria, and in fiscal 2009 we received an order to construct a large gas processing plant for Sonatrach, Algeria's state-owned oil and gas company, followed by receiving Award Notification from Abu Dhabi Gas Industries Ltd. (GASCO) in UAE to provide the EPC and commissioning services for a large-scale gas processing plant and other facilities. These are just a few examples that illustrate how our upstream-related business is poised for further growth going forward.

The primary reasons for the expansion of JGC's upstream business track record are:

1) Recently, crude oil and natural gas production plants are becoming even larger, which makes it necessary to use a contractor with advanced project management capabilities, and,
2) The recent increase in development of heavy crude oil fields and natural gas fields that highly contains acidic gas has made it necessary to use state of the art technologies to process those difficult materials. It is therefore important to use a contractor with advanced integrated technological capabilities.

In addition, based on the trust earned as the "best contractor in the downstream area," JGC is contracted by many clients to build plants in the upstream area.

Signing ceremony for project to construct a large gas processing plant for Sonatrach, Algeria

In this way, the advanced technological and project management capabilities that JGC has cultivated over many years in the downstream area are also great assets in the upstream area, and have allowed JGC to gain the trust of clients for a wide range of projects.

Furthermore, as a part of expanding our business scope, JGC has been working on oil and gas development projects in the U.S. and Mexico. The technology, knowledge and know-how gained through these projects are effectively fed back to the E&C business, and help our clients through our efforts as a contractor possessing wide-ranging comprehensive capabilities in the upstream business in addition to our proven capabilities in the downstream business area.

THE JGC GROUP IN FISCAL 2008

In the first half of fiscal 2008, the market environment for JGC Group's total engineering business was supported by a high level of demand globally for natural resources and energy. Based on such demand, numerous capital investment projects were being planned and executed in oil- and gas-producing nations. However, following the September 2008 financial crisis stemming from the financial crisis in the U.S., market conditions became uncertain, as global economic conditions changed completely, leading to significant declines in the prices of crude oil and other natural resources, as well as a dramatic contraction of financial markets. As a result, the economic viability of projects declined, forcing clients to reexamine their plans and making it difficult to finance projects. Furthermore, some clients decided to put off capital investment projects, electing to wait and see how plant construction costs would fluctuate.

Amid this environment, the JGC Group paid close attention to a variety of risks and focused on executing more secure projects.

Despite the uncertainty in the market, oil majors and large state-owned oil companies are maintaining their level of investment in oil, gas and other upstream development from fiscal 2009 onward in anticipation of future growth in energy consumption, rather than being swayed by short-term economic trends and fluctuations in crude oil prices.

OIL AND GAS DEVELOPMENT PROJECTS

As discussed in Special Feature 2, "Initiatives in the Upstream Domain" (page 14), we received orders and executed multiple projects in the Middle East and North Africa in the field of oil and gas development in response to customers' continued capital investment activities.

In July 2008, JGC was awarded an engineering, procurement and construction (EPC) services contract by Sonatrach, Algeria's state-owned oil and gas company, for oil and gas gathering units, separation, desalting and other facilities in Algeria's Rhourde Nouss region, with completion targeted in the first half of 2011. In early fiscal 2009, we subsequently received another order from Sonatrach for the EPC services of a large-sized gas processing plant in the Gassi Touil field. This plant is scheduled for provisional acceptance in the first half of 2013.

NGL recovery plant for Saudi Aramco, Saudi Arabia

In Saudi Arabia, in July 2008, we received an order for the EPC services of off-site facilities (including a water-injection system used in oil fields, crude oil storage tanks and shipping equipment) for a large-scale crude oil processing facility being developed by Saudi Aramco in the Manifa region of Saudi Arabia. In addition, in the second half of 2008, we completed construction of a large-scale natural gas liquids (NGL) recovery plant for Saudi Aramco in the Hawiyah region.

In Abu Dhabi, in early fiscal 2009, we have received Award Notification from Abu Dhabi Gas Industries Ltd. (GASCO) to provide the EPC and commissioning services for a large-scale gas processing plant and other facilities.

PETROLEUM REFINING PROJECTS

During fiscal year 2008, the JGC Group was engaged in petroleum refining projects in the Middle East and Asia. These projects were launched based on the increase in local demand for electric power and advances in motorization, both in response to population growth and economic development in oil-producing countries.

In Vietnam, JGC is constructing the country's first large-scale petroleum refinery and off-site facilities for Vietnam Oil and Gas Corporation (Petro Vietnam), the state-owned oil company, and test operations are currently being conducted, with completion scheduled in the second half of 2009. In Singapore, we are carrying out an oil refinery upgrade project for Singapore Refining Co. Pte. Ltd. with completion scheduled in the second half of 2009.

In Japan, we have won a new order for the revamping of a petroleum refinery and are constructing a heavy oil processing plant for a petroleum refining company.

As part of the process of further strengthening its overall health, safety and environment (HSE) management efforts, a major focus of the JGC Group is on these activities at construction sites. We received the Fiscal 2008 Award for Excellence from the Ministry of Health, Labour and Welfare which was presented with respect to the construction of a petroleum refining-related plant for Fuji Oil Company's Sodegaura Refinery completed in the middle of 2008. This award recognizes the fact that during execution of the project, which lasted approximately 18 months, there were no accidents or injuries, and approximately 1,150,000 total hours of labor were logged without injury. In addition, the award acknowledges the safety assessment activities conducted along with the client, day-to-day safety activities, and the other various, detailed efforts aimed at ensuring safety and health.

Petroleum refining-related plant for Fuji Oil Company, Japan

LNG PROJECTS

As explained in our Special Feature 1, "Initiatives in the Expanding LNG Market" (page 12), LNG projects are being planned around the world in response to growing demand in Europe, China and India. In addition to conventional onshore LNG plant construction, plans in this field include the construction of floating LNG plants to develop small- and medium-sized gas fields under the sea-bed. As the leading LNG plant contractor, JGC is conducting feasibility studies and handling basic design for projects planned worldwide.

In January 2009, JGC was awarded the Front End Engineering and Design (FEED) services for the onshore component of the Ichthys Project in Australia to be developed by INPEX Browse, Ltd.

In Yemen, we are constructing the country's first-ever LNG plant, aiming for completion in the second half of 2009. In Indonesia, we continue to work on the Tangguh LNG project for BP Berau, Ltd. Shipments of LNG from Train 1 are expected to begin in the middle of 2009, while we expect to complete Train 2 in the near future.

CHEMICAL PROJECTS

In the chemical field, the weakening of the market for petrochemical and chemical products has cast uncertainty over the timing of execution of new project plans, but many projects are being carried out in Japan and the Middle East based on previously robust capital investment activity.

High olefin FCC facility and ethane crackers for Rabigh Refining and Petrochemical Company, Saudi Arabia

In Saudi Arabia, JGC is working on a project to construct large-scale ethylene units and other facilities for Saudi Polymers Company. In the first half of 2008, we completed construction of an ethylene unit and a large-scale styrene monomer facility for Jubail Chevron Philips Company in Saudi Arabia. Also in the second half of 2008, we completed construction of the core high olefin FCC (fluid catalytic cracking) facility and one of the world's largest ethane crackers for the company's petroleum refining and petrochemical complex for Rabigh Refining and Petrochemical Company, a joint venture between the state-owned oil company Saudi Aramco and Sumitomo Chemical Co., Ltd.

In Japan, we have worked on the construction of a petrochemical plant for a major chemical company as well as the construction of a chemical plant.

Since the beginning of fiscal 2009, we have been awarded a contract by Saudi Aramco and Sumitomo Chemical Co., Ltd. for the project management services for the feasibility study of the development of the Rabigh Phase II Project (Rabigh II Project).

POWER GENERATION, NUCLEAR POWER AND NEW ENERGY PROJECTS

In the new energy field, we are active in the area of gas to liquids (GTL) as well as in dimethyl ether (DME) and other projects.

Currently in Qatar, JGC is providing project management services for the world's largest GTL project for Qatar Shell GTL Limited, a subsidiary of Royal Dutch Shell. In addition, JGC's role includes project management as well as EPCM activities for GTL synthesis.

In the DME field, in Japan we completed construction of a DME manufacturing plant for Fuel DME Production Co., Ltd. in August 2008 and made the first delivery to a customer in January 2009. Fuel DME Production was established in 2007 by nine companies, including Mitsubishi Gas Chemical Company, Inc. and JGC, for the purpose of promoting the spread of DME. This company is working to commercialize this new fuel by supplying the manufactured DME for use in a variety of fields, including as fuel for boilers, power generators (including fuel cells) and automobiles, and chemical raw materials.

In the nuclear power field, Japan Nuclear Fuel Ltd. (JNFL) has been constructing a spent nuclear fuel reprocessing facility in Rokkasho, Aomori Prefecture, since 1993. JGC has installed piping in the active galleries of the facility, and is now conducting trial operations in preparation for the start of commercial operations.

A DME manufacturing plant for Fuel DME Production Co., Ltd., Japan

LIVING AND GENERAL PRODUCTION PROJECTS

In the pharmaceutical field, in addition to our wide range of services related to pharmaceutical production, including EPC services for pharmaceutical-related facilities and equipment, and good manufacturing practice (GMP) compliance, we are also focused on providing the fullest possible range of pharmaceutical services from new drug development to clinical development and commercial production, areas where business is likely to expand in the future.

In July 2008, JGC signed Memorandum of Understanding (MOU) with the provincial authority in Liaoning, China, for providing consulting services for the drafting of a master plan for an industrial park focusing on biomedical and pharmaceutical products. We also received a contract from TOA EIYO Ltd., a circulatory and cardiovascular medication manufacturer, for construction of a technology center, as well as a contract from a Japanese pharmaceuticals company to upgrade its drug manufacturing facility. In addition, we are working on other multiple projects to construct drug manufacturing facilities. In the middle of 2008, we completed a project to build a packaging plant for Kanae Co., Ltd. in Hyogo Prefecture and a bio plant for Asahi Glass Co., Ltd. in Chiba Prefecture.

In non-ferrous refining, in the Philippines in early 2009 we completed Phase 2 construction of a nickel refining plant as part of a project being led by Sumitomo Metal Mining Co., Ltd. We also worked on Phase 1 construction of this plant, and will leverage this track record to focus on growth in the field of non-ferrous metal refining.

Second phase construction of nickel refining plant for Coral Bay Nickel Corporation, the Philippines

ENVIRONMENTAL PROTECTION, SOCIAL DEVELOPMENT AND IT PROJECTS

In the medical facilities field, JGC constructed high-quality medical facilities throughout Japan and offered project management services, both of which received high marks from many customers.

In March 2008, we were selected by the Tokyo Metropolitan Government for the refurbishing and management of the (tentatively named) Mental Health Center. For this Center, the Tokyo Metropolitan Government has used a Private Finance Initiative (PFI) method. JGC is the first domestic engineering contractor to have participated in a hospital PFI business and in September 2008 a project management company was established and the company is currently proceeding with execution design work. We also received an order from the Niigata Medicalcare Cooperative for the rebuilding of Kido Hospital in Niigata Prefecture.

Elsewhere, we completed several construction projects during the year. In the second half of 2008 we completed construction work on a research center in Gunma Prefecture for Sanden Corporation, Japan's leading manufacturer of automotive compressors. In early 2009, we completed the Seiryoukai Foundation's Shosha Hospital expansion project in Hyogo Prefecture and the Yoshikawa Hospital relocation and new construction project for the Shijinkai Foundation in Saitama Prefecture.

Research center for Sanden Corporation, Japan

ENTERPRISE INVESTMENT BUSINESS

Under the JGC Group's medium-term management plan, "Scenario 2010," which ends in fiscal 2010, we are focusing on expanding the enterprise investment business into a business pillar alongside the EPC business and the catalysts and fine products business.

In April 2008, in Abu Dhabi, UAE, JGC acquired business rights to own and operate the Taweelah A2 IWPP (Independent Water and Power Project). The plant, consisting of combined cycle gas turbine power distiller units, is located in Abu Dhabi's Taweelah district and produces 710 MW of power and 230,000 tons of water per day. We acquired 15% of the 40% of shares held in the business by Japanese trading company (6% of total shares). A new plant including power generation and desalination facilities in Abu Dhabi's Taweelah B IWPP, in which we acquired a business interest in January 2005, began commercial operation in the second half of 2008, and is operating smoothly along with the existing plants.

The Rabigh cogeneration, steam and desalination plant, Saudi Arabia

Furthermore, the Rabigh IWSPP (Independent Water, Steam and Power Project) in Saudi Arabia began operating in the middle of 2008.

In Algeria, JGC, through a newly-established joint venture company, has been awarded Operation & Maintenance (O&M) services contracts for gas-fired power plants in Algeria. The new company is the first investment activity related to the Algerian power sector by any Japanese enterprise.

In the Clean Development Mechanism (CDM) business, the CDM project that we are advancing in China's Anhui Province, which involves the installation of a waste-heat power generation facility for a local cement plant of Anhui Huaibei Mining (Group) Cement Co. Ltd., received official approval from the United Nations CDM Executive Board in September 2008. Likewise, in March 2009, a raw material replacement CDM project for a cement plant being worked on in China and the Inner Mongolia Autonomous Region received approval from the United Nations CDM Executive Board.

In the resource development business, we acquired interests in an oil and gas field in Louisiana in the U.S., and as an operator we are hard at work on development and production.

CATALYSTS AND FINE PRODUCTS BUSINESS

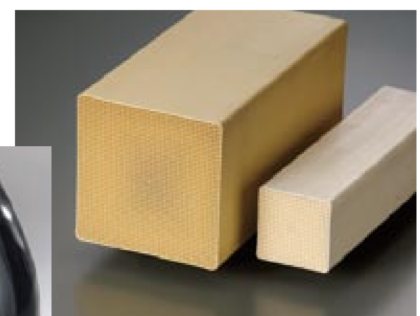
The JGC Group's core companies in the catalysts and fine products business, Catalysts and Chemicals Industries Co., Ltd. and Nikki Chemical Co., Ltd. merged on July 1, 2008, with the objective of further strengthening and growing the business. The new company, JGC Catalysts and Chemicals Ltd., got off to a new start during the period.

The business environment in fiscal 2008 was extremely unfavorable, as the business environment changed more than anticipated. Impacted by the global economic slowdown in conjunction with the financial crisis triggered in the U.S., customers both delayed and reexamined business plans, while at the same time the product market contracted and the prices of rare metals, which are key raw materials in catalysts, were very volatile. In response to this environment, JGC Group companies engaged in the catalyst and fine products business made efforts to improve profitability, such as raising product production efficiency, as well as reducing fixed costs. However, despite these efforts, the business saw a decline in both revenue and profits, as it was negatively impacted by the drop in sales in conjunction with the global economic downturn as well as the loss on valuation losses of inventory due to a drop in the prices of rare metals.

In the catalysts business, sales of FCC catalysts, for which we hold the leading market share in Japan, steadily increased in Japan, but revenues for our hydrotreating catalyst declined due to the fact that customers pushed back deliveries and used recycled products after reviewing their business plans. With respect to our environmental protection catalysts, the best known of which are our De-NOx catalysts, sales increased significantly, as in addition to a rise in replacement-driven domestic demand, there were firm exports of raw materials to the U.S. and Europe as well as strong exports of products to China. Revenues from petrochemical catalysts fell, due to customers postponing deliveries after reviewing business plans and the suspension of business.

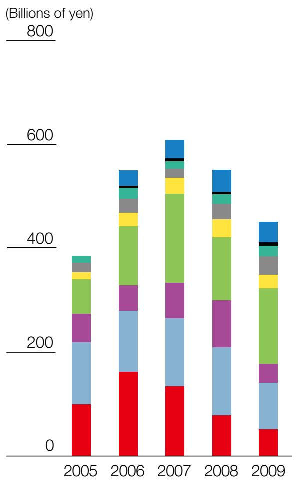
In the fine products business, revenues fell for semiconductor abrasives as well as antireflective and antistatic materials for flat-panel displays. This trend was triggered by production declines and inventory adjustments in both the automobile industry and electronics industry.

The market environment for the catalysts and fine products business is expected to remain challenging in fiscal 2009. However, with increasingly stringent environmental regulations around the world, demand for catalysts for thermal electric power plants and automobiles is firm, while demand for cathode materials used in rechargeable lithium ion batteries for IT equipment, electric cars, hybrid vehicles and other uses is expected to grow in the future. Consequently, we will take steps to bolster the business platform in this field, continuing to make capital investments while keeping a close watch on market trends.



Cathode materials for rechargeable lithium ion batteries (left) and De-NOx catalysts (right)

PERFORMANCE HIGHLIGHTS BY BUSINESS SECTOR

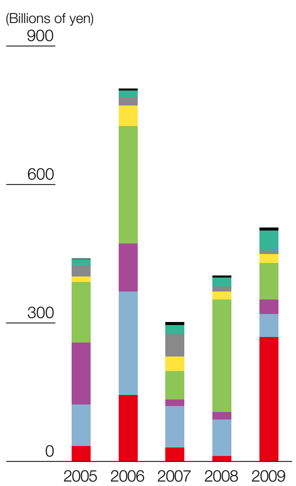
All figures are on a consolidated basis. Figures for the year ended March 31, 2005 are on a non-consolidated basis.



NET SALES

(Millions of yen)

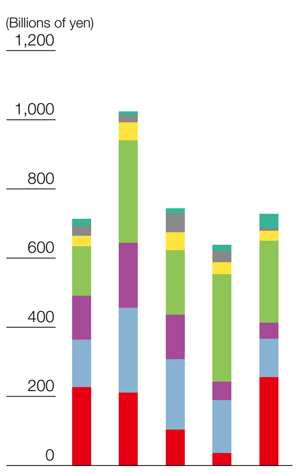
Years ended March 31	2009	2008	2007	2006	2005
Oil and Gas Development	**51,304**	78,500	134,557	162,120	99,616
	(48,470)	(78,200)	(134,151)	(161,749)	(99,590)
Petroleum Refining	**89,838**	131,116	130,194	117,558	118,771
	(36,182)	(48,809)	(68,191)	(75,505)	(73,675)
LNG	**36,261**	89,680	69,128	48,789	55,025
	(35,627)	(89,013)	(67,838)	(47,867)	(53,550)
Chemical	**145,769**	122,250	170,579	114,317	67,227
	(102,095)	(80,806)	(142,965)	(97,673)	(60,847)
Power Generation, Nuclear Power and New Energy	**25,281**	34,096	30,813	25,918	12,851
	(16,230)	(21,365)	(20,347)	(19,313)	(1,383)
Living and General Production	**35,743**	30,509	18,294	26,217	18,564
	(7,836)	(14,277)	(4,389)	(987)	(1,719)
Environmental Protection, Social Development and IT	**20,788**	18,144	14,127	21,258	13,780
	(1)	(35)	(2,726)	(572)	(51)
Others	**6,654**	4,419	5,766	4,654	202
	(2,059)	(252)	(558)	(447)	(17)
Total Engineering	**411,642**	508,717	573,463	520,835	386,040
(Overseas)	**(248,503)**	(332,762)	(441,169)	(404,114)	(290,834)
Catalysts and Fine Products	**39,270**	42,345	35,067	29,465	—
Total	**450,912**	551,062	608,530	550,301	—



NEW CONTRACTS

(Millions of yen)

Years ended March 31	2009	2008	2007	2006	2005
Oil and Gas Development	**268,868**	11,301	30,288	143,946	32,560
	(268,519)	(8,398)	(29,889)	(143,643)	(32,469)
Petroleum Refining	**50,826**	79,191	89,179	223,374	90,266
	(7,716)	(20,479)	(27,423)	(103,104)	(58,123)
LNG	**31,284**	16,019	14,804	104,284	134,731
	(21,963)	(15,541)	(13,943)	(102,930)	(133,502)
Chemical	**78,492**	243,907	61,524	254,702	130,832
	(60,685)	(215,637)	(21,268)	(202,415)	(123,524)
Power Generation, Nuclear Power and New Energy	**20,373**	17,756	31,142	44,360	12,179
	(13,349)	(6,153)	(21,517)	(37,743)	(6,829)
Living and General Production	**6,759**	10,441	48,748	19,084	23,423
	(463)	(122)	(21,452)	(857)	(770)
Environmental Protection, Social Development and IT	**43,376**	19,234	20,077	13,198	15,023
	(1)	(15)	(118)	(130)	(—)
Others	**6,153**	4,498	5,580	4,698	337
	(1,493)	(247)	(470)	(442)	(112)
Total	**506,135**	402,352	301,347	807,649	439,355
(Overseas)	**(374,193)**	(266,596)	(136,084)	(591,268)	(355,332)



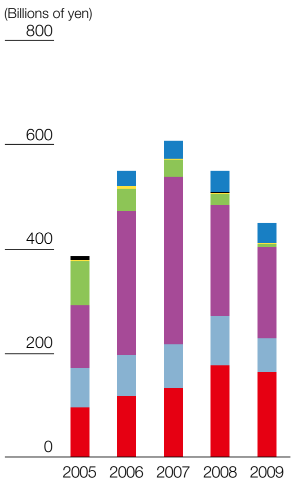
OUTSTANDING CONTRACTS

(Millions of yen)

Years ended March 31	2009	2008	2007	2006	2005
Oil and Gas Development	**255,692**	38,128	103,294	211,055	226,355
	(255,411)	(35,362)	(103,131)	(210,886)	(226,283)
Petroleum Refining	**111,069**	150,081	204,138	245,098	137,032
	(22,599)	(51,065)	(81,418)	(122,115)	(94,104)
LNG	**45,636**	50,612	128,195	187,541	127,816
	(36,931)	(50,594)	(127,988)	(186,906)	(127,771)
Chemical	**237,639**	304,917	187,487	296,522	141,629
	(219,622)	(261,032)	(130,426)	(252,103)	(135,764)
Power Generation, Nuclear Power and New Energy	**28,686**	33,594	51,336	51,127	31,548
	(22,936)	(25,817)	(42,411)	(41,362)	(21,794)
Living and General Production	**8,956**	37,939	53,894	22,296	28,589
	(1,310)	(8,683)	(18,690)	(466)	(165)
Environmental Protection, Social Development and IT	**38,996**	16,408	15,864	10,035	21,095
	(0)	(—)	(20)	(2,630)	(3,071)
Others	**643**	1,144	468	670	144
	(25)	(590)	(5)	(95)	(95)
Total	**727,321**	632,827	744,679	1,024,348	714,214
(Overseas)	**(558,837)**	(433,147)	(504,092)	(816,565)	(609,052)

PERFORMANCE HIGHLIGHTS BY REGION

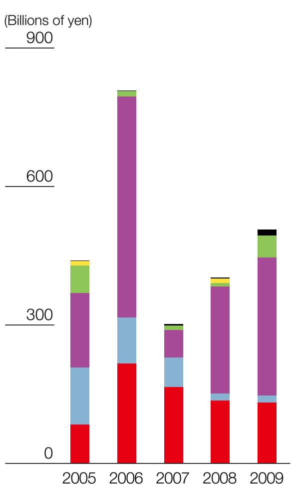
All figures are on a consolidated basis. Figures for the year ended March 31, 2005 are on a non-consolidated basis.



NET SALES

(Millions of yen)

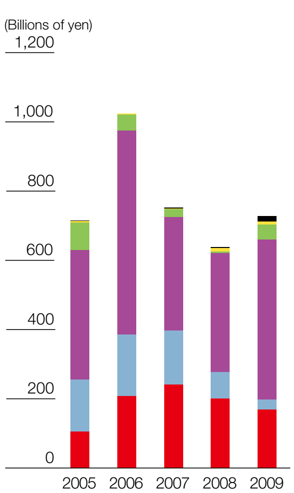
Years ended March 31	**2009**	2008	2007	2006	2005
Japan	**163,138**	175,952	132,297	116,721	95,206
Asia	**64,730**	95,128	84,425	79,851	76,308
Middle East	**175,392**	212,916	322,437	276,059	120,367
Africa	**7,068**	21,494	32,695	43,455	84,475
North and South America	**76**	1,289	1,479	4,594	2,795
Others	**1,234**	1,937	127	151	6,884
Total Engineering	**411,642**	508,717	573,463	520,835	386,040
Catalysts and Fine Products	**39,270**	42,345	35,067	29,465	—
Total	**450,912**	551,062	608,530	550,301	—



NEW CONTRACTS

(Millions of yen)

Years ended March 31	**2009**	2008	2007	2006	2005
Japan	**131,942**	135,753	165,269	216,381	84,022
Asia	**14,327**	15,181	63,951	99,366	123,780
Middle East	**299,650**	232,030	60,103	479,298	160,510
Africa	**47,609**	7,556	9,095	11,312	60,628
North and South America	**85**	9,830	481	607	9,001
Others	**12,521**	1,999	2,445	682	1,406
Total	**506,135**	402,352	301,347	807,649	439,355



OUTSTANDING CONTRACTS

(Millions of yen)

Years ended March 31	**2009**	2008	2007	2006	2005
Japan	**168,483**	199,679	240,587	207,783	105,161
Asia	**28,678**	79,082	157,214	176,837	150,705
Middle East	**463,155**	338,897	323,251	589,509	373,965
Africa	**42,665**	2,125	19,191	47,480	78,219
North and South America	**9,264**	9,256	710	1,708	5,658
Others	**15,074**	3,787	3,724	1,030	498
Total	**727,321**	632,827	744,679	1,024,348	714,214

MAJOR PROJECTS

	Business Sector	Client	Project	Location
Contracts Awarded	Oil and Gas Development Projects	Sonatrach	Gas & Oil Separation Facilities	Rhourde Nouss/Algeria
		Saudi Arabian Oil Co. (Saudi Aramco)	Utilities, Storage and Shipping Facilities for the Central Processing Facilities	Manifa/Saudi Arabia
	LNG Projects	INPEX Browse, Ltd.	FEED Service for LNG Plant	Darwin/Australia
	Living and General Production Projects	TOA EIYO Ltd.	Pharmaceutical–related Facilities	Fukushima/Japan
	Environmental Protection, Social Development and IT Projects	Medical Management Matsuzawa Co., Ltd.	Hospital	Tokyo/Japan
		Niigata Medicalcare Cooperative	Hospital	Niigata/Japan
Contracts Underway	Oil and Gas Development Projects	Petropars Ltd.	Natural Gas Processing Plant	Bandar Assaluyeh/Iran
	Petroleum Refining Projects	Singapore Refining Co. Pte. Ltd. (SRC)	Petroleum-related Refinery	Jurong/Singapore
		Vietnam Oil and Gas Corp. (Petro Vietnam)	Petroleum Refinery	Dung Quat/Vietnam
	LNG Projects	Yemen LNG Co., Ltd.	LNG Plant	Balhaf/Yemen
		BP Berau, Ltd.	LNG Plant	Papua/Indonesia
	Chemical Projects	Saudi Polymers Company	Petrochemical Plant	Al Jubail/Saudi Arabia
	Power Generation, Nuclear Power and New Energy Projects	Qatar Shell GTL Ltd.	GTL Plant	Ras Laffan/Qatar
		Japan Nuclear Fuel Ltd.	Test Operation of Nuclear Power Generation Facilities	Aomori/Japan
Contracts Completed	Oil and Gas Development Projects	Saudi Arabian Oil Co. (Saudi Aramco)	NGL Recovery Plant	Hawiyah/Saudi Arabia
	Petroleum Refining Projects	Fuji Oil Company, Ltd.	Petroleum-related Refinery	Chiba/Japan
	Chemical Projects	Rabigh Refining and Petrochemical Co. (PETRORabigh)	Refining/Petrochemical Complex	Rabigh/Saudi Arabia
		Jubail Chevron Phillips Company (JCP)	Petrochemical Plant	Al Jubail/Saudi Arabia
		SI Group Inc.	Chemical Plant	Jurong/Singapore
	Power Generation, Nuclear Power and New Energy Projects	Fuel DME Production Co., Ltd.	DME Production Plant	Niigata/Japan
	Living and General Production Projects	Coral Bay Nickel Corp.	Nickel Refining Plant	Palawan/Philippines
		Kanae Co., Ltd.	Pharmaceutical-related Facilities	Hyogo/Japan
		Asahi Glass Co., Ltd.	Bio Plant	Chiba/Japan
	Environmental Protection, Social Development and IT Projects	Sanden Corporation	Research & Development Center	Gunma/Japan
		Shijinkai Foundation	Hospital	Saitama/Japan
		Seiryoukai Foundation	Hospital	Hyogo/Japan
		Maruho Co., Ltd.	Renovation of Research & Development Center	Kyoto/Japan

MAJOR CONTRACTS AWARDED

ANNOUNCED AS OF MARCH 31, 2006

Business Sector*	Client	Project	Location	Completion
OGD	Saudi Arabian Oil Co. (Saudi Aramco)	NGL Recovery Plant	Hawiyah/Saudi Arabia	2008
PET	Vietnam Oil and Gas Corp. (Petro Vietnam)	Petroleum Refinery	Dung Quat/Vietnam	2009
PET	Fuji Oil Company, Ltd.	Petroleum-related Refinery	Chiba/Japan	2008
PET	Nippon Petroleum Refining Co., Ltd.	Petroleum-related Refinery	Miyagi/Japan	2008
PET	Cosmo Engineering Co., Ltd.	Petroleum-related Refinery	Kagawa/Japan	2007
LNG	Yemen LNG Co., Ltd.	LNG Plant	Balhaf/Yemen	2009
CHM	Rabigh Refining and Petrochemical Co. (PETRORabigh)	Refining/Petrochemical Complex Project	Rabigh/Saudi Arabia	2008
CHM	Nippon Polyurethane Industry Co., Ltd.	Petrochemical Plant	Yamaguchi/Japan	2007
PWR	Qatar Shell GTL Ltd.	GTL Plant	Ras Laffan/Qatar	
LIV	Yamaha Motor Co., Ltd.	Astaxantin Manufacturing Facility	Shizuoka/Japan	2006
LIV	Fuji Pharmaceutical Co., Ltd.	Pharmaceutical Manufacturing Plant	Toyama/Japan	2006

ANNOUNCED AS OF MARCH 31, 2007

Business Sector*	Client	Project	Location	Completion
PET	Singapore Refining Co. Pte. Ltd. (SRC)	Petroleum-related Refinery	Jurong/Singapore	2009
PWR	Fuel DME Production Co., Ltd.	DME Production Plant	Niigata/Japan	2008
LIV	Coral Bay Nickel Corp.	Nickel Refining Plant	Palawan/Philippines	2009
LIV	Kanae Co., Ltd.	Pharmaceutical-related Facilities	Hyogo/Japan	2008
LIV	Denka Seiken Co., Ltd.	Pharmaceutical Manufacturing Plant	Niigata/Japan	2007
LIV	Asahi Glass Co., Ltd.	Bio Plant	Chiba/Japan	2008
ENV	Iwaki Saiseikai Foundation	Hospital	Fukushima/Japan	2009
ENV	Kowakai Foundation	Hospital	Shizuoka/Japan	2008

ANNOUNCED AS OF MARCH 31, 2008

Business Sector*	Client	Project	Location	Completion
CHM	Saudi Polymers Company	Petrochemical Plant	Al Jubail/Saudi Arabia	2011
ENV	Sanden Corporation	Research & Development Center	Gunma/Japan	2008
ENV	Shijinkai Foundation	Hospital	Saitama/Japan	2009
ENV	Seiryoukai Foundation	Hospital	Hyogo/Japan	2009
ENV	Maruho Co., Ltd.	Renovation of Research & Development Center	Kyoto/Japan	2008

* BUSINESS SECTOR

OGD: Oil and Gas Development Projects
LNG: LNG Projects
PWR: Power Generation, Nuclear Power and New Energy Projects
ENV: Environmental Protection, Social Development and IT Projects
PET: Petroleum Refining Projects
CHM: Chemical Projects
LIV: Living and General Production Projects

GROWTH UNDERPINNED BY OUR TECHNOLOGICAL CAPABILITIES

APPLYING ENGINEERING TECHNOLOGY TO IMPROVING THE WATER QUALITY OF LAKES AND OTHER BODIES OF WATER

Today, water pollution is viewed as one of the global-scale environmental problems facing mankind. To answer the needs of countries struggling with water pollution, and as part of our new business of developing fresh applications for engineering technology, JGC is making strides in the water purification business.

China is an example of a country where water pollution has become a severe problem in conjunction with rapid economic growth, and dealing with it is an urgent matter. JGC has conducted water purification testing at Lake Taihu, which is rapidly becoming polluted.

The test was conducted in Wuxi in Jiangsu Province, the area where the pollution of Lake Taihu is worst. Using technology with ozone developed by a Japanese venture company, we acquired basic data in order to comprehensively purify the entire aquatic environment.

As a result of testing, in a period of one month we succeeded in cleaning up the water in the test area, which had been the most polluted water, to a level where it could be used as drinking water.

JGC is conducting the following activities with respect to the water pollution of Lake Taihu, and aiming to purify the entire aquatic environment comprehensively.

- Purifying the water
- Converting pollutants into natural resources
- Recovering the natural purification capability of the system

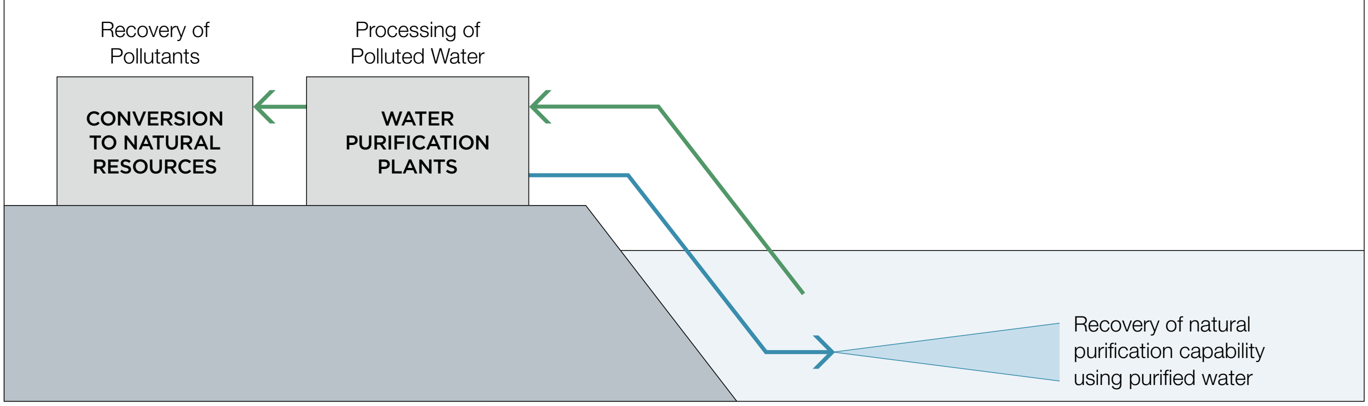
Going forward, we will conduct engineering work based on the data and know-how that we gain from element technology testing at JGC's research and development center, on-site studies in China, and the purification testing using actual-size equipment on-site in China.

The governments of both Japan and China were very interested in this initiative that could only be carried out by an engineering company. On November 28, 2008, this was recognized as a signature project at the 3rd Japan-China Energy Conservation Forum held jointly by both governments.

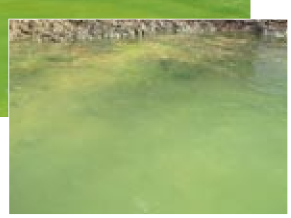
JGC will partner with the China Energy Conservation Investment Corporation (China's only national-class energy conservation and environment-focused investment company) to advance the water purification business in China and contribute to protecting the environment.

WATER PURIFICATION TEST FLOW

WATER PURIFICATION PLANTS

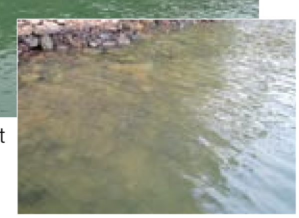


Testing area before purification (approx. 20,000 m^3)



Roughly 6 cm of transparency

Testing area one month after start of purification



More than 1.25 m transparency

OUR ENGINEERING ACTIVITIES CONTRIBUTE TO PRESERVING THE ENVIRONMENT

ENVIRONMENTAL ACTIVITIES

JGC's Engineering & Construction (E&C) business, which provides engineering, procurement and construction (EPC) services for energy-related plants such as those for oil and natural gas, is closely related to environmental protection in and of itself.

Since the 1960s, JGC has worked on environmental issues as an E&C contractor, striving for cleaner petroleum products, making its plants more energy-efficient, and eliminating hazards from waste products. Our understanding that our business activities themselves contribute to environmental protection has not changed today, and this is symbolically expressed in our corporate philosophy.

Activities that contribute to environmental protection are expanding into a wider range outside of our E&C business, as we start up a new clean development mechanism (CDM) business as part of our enterprise investment business.

Activities focused on how to provide our customers with plants that place a minimum burden on the environment are also an important part of JGC's environmental management approach. We engage in testing various techniques and improvements at each stage of our E&C business, and these have won high marks from our customers.

These activities to lessen the burden on the environment at the home office and construction sites involved in EPC activities are the foundation supporting JGC's environmental management efforts. CO_2 reductions at the home office and reduction/recycling of waste products at construction sites are producing improved results every year.

CORPORATE ACTIVITIES RELATED TO ENVIRONMENTAL PROTECTION

JGC's business activities, such as the execution of energy-related plant construction projects for natural gas and oil, the development of new fuels, and the promotion of a global-warming-gas emission credits business, are closely connected to the protection of the global environment. Through these business activities, JGC is actively involved in reducing environmental burdens.

■ EFFECTIVE USE OF NATURAL GAS

The use of natural gas is rapidly increasing because it is a relatively clean fuel that is environmentally friendlier, not only having higher energy efficiency than oil or coal, and containing no sulfur, nitrogen, or metals, but also producing fewer CO_2 emissions when it burns. JGC is contributing to the expanded use of natural gas as a clean fuel by executing construction projects for liquefied natural gas (LNG) plants around the world and constructing the world's first GTL (Gas to Liquid) plant, which manufactures clean synthetic oil using natural gas as a raw material. In addition, we are developing manufacturing/usage technologies for dimethyl ether (DME) and manufacturing technologies for synthetic gas, aiming to further expand ways to use natural gas.

■ MAKING FOSSIL FUELS CLEANER

Transforming petroleum, a substance whose use can place a heavy burden on the environment, into a cleaner fuel is a major theme of JGC's business activities, which emphasize environmental protection. We are advancing various activities, such as the construction of plants compatible with moves to make petroleum fuel sulfur-free, and the development of technologies for removing toxic materials from crude oil.

■ WASTE DISPOSAL

Human activity generates various waste products. Waste products sometimes contain materials that are toxic to living organisms and leaving such toxic materials untreated increases the burden on the environment. JGC collects basic data related to radioactive waste disposal and is developing technologies for carrying out the effective disposal of these materials. We are also engaged in developing technologies for the disposal of sludge generated from sewage treatment in order to reduce the environmental impact of waste products.

■ CONTRIBUTIONS TO GREENHOUSE GAS REDUCTION

Global warming is a pressing issue that must be tackled by global society. JGC is promoting activities aimed at reducing greenhouse gases based on technologies and know-how accumulated over many years of energy plant construction and technological development.

ENVIRONMENTAL PROTECTION ACTIVITIES DURING PROJECT EXECUTION

JGC's environmental management system takes into account the environmental impact of the project overall, including its construction and operation, and places emphasis on environmental management during project execution. We take particular care in drawing up and applying appropriate management systems in the design stage, when the basic specifications of the plant are determined.

ENVIRONMENTAL PROTECTION AT THE DESIGN STAGE—CREATION AND IMPLEMENTATION OF ENVIRONMENTAL MANAGEMENT PLANS

The objective of the environmental management system at the design stage of project execution is to take up problem areas expected to affect the environment during operation based on the unique environment of each project, and take measures from the design stage to reduce that impact. By doing so, environmental issues are clarified within overall project operations, enabling specialist engineers to take appropriate measures systematically.

The contents of the environmental management system during the design stage are listed in a document called the Environmental Management Plan, summarized to enable environmentally friendly project execution (design, construction, operation), and contain the following items.

1. Project environmental policy
2. Organization, accountability for project environmental operations
3. Contents of operations that impact the environment
4. Audit of environmental operations

The environmental management plan takes into account not only the construction and operation of the plant, but also the dismantling/disposal of the plant 20 to 30 years down the road, and sometimes prohibits the use of materials and substances that impact the environment (such as asbestos and Freon) at the design stage.

Once the environmental management plan for the design stage is proposed, a meeting is held of project managers from the various design divisions to convey to them the contents of the plan and project-specific areas warranting caution. The project managers are then responsible for communicating this information to all members of the project team, and environmentally friendly project execution is implemented.

Chairman Takeuchi patrols a construction site

ENVIRONMENTAL PROTECTION AT CONSTRUCTION SITES

JGC has long taken the environment into consideration during construction, based on customer requests. Since the environmental management system is a structured method that covers all aspects equally, and is not influenced by differences in the level of customer demands or personal experience and hunches, we are currently introducing the environmental management system into construction work to strengthen our consideration of the environment.

We are placing emphasis on the following.

1. Tightening legal compliance by specifying environmental regulations related to construction work.
2. Improving customer satisfaction and strengthening communication among interested parties.
3. Minimizing environmental disasters and managing environmental risks by anticipating, preparing for, and dealing effectively with emergencies.

At construction sites within Japan and abroad, we are advancing environmental management activities for construction work through the following steps.

1. Specifying of environmental aspects
2. Setting of environmental objectives/targets
3. Creation of environmental management plans for construction work
4. Environmental education/training
5. Implementation of regular tests for emergency response procedures
6. Monitoring the measurement of environment-related factors
7. Monthly reports

ACTIVITIES TO LESSEN THE BURDEN ON THE ENVIRONMENT

By employing environmental management systems for both office activities and project execution activities, we have reduced greenhouse gas emissions from office activities by more than 3,000 tons compared to fiscal 1998, when we moved our offices to Minato Mirai 21. In addition, we have steadily reduced the burden we place on the environment, turning close to 80% of waste products at medium-sized plant construction sites into resources.

INITIATIVES FOR OFFICE ACTIVITIES

JGC's Yokohama World Operations Center is located in Queen's Square Yokohama, a multi-use complex in the Minato Mirai 21 district of Nishi-ku, Yokohama. In the Minato Mirai 21 district, urban management is conducted based on the Basic Agreement on Town Development under the Minato Mirai 21 agreement, with emphasis placed on urban planning that takes into account energy conservation, measures toward a recycling society, urban disaster prevention and the effects on surrounding areas. JGC's initiatives to reduce the burden on the environment from office activities are being implemented on top of the basic foundation of environmental protection provided by these facilities.

CONTRIBUTION TO SOCIETY

Since fiscal 2004, JGC has been involved in a training program called "Job Shadow" promoted by Junior Achievement Japan, a non-profit organization working to educate and inspire young people to value free enterprise, business, and economic activity to improve the quality of their lives. As part of its efforts in this area, in fiscal 2008 JGC hosted visits by 40 students from the Yokohama Seiryo Sogo High School to the JGC Yokohama World Operations Center during which the individual participants were given the opportunity to accompany and directly observe JGC staff members as they carried out their duties. In the U.S., more than 2 million high school students participate annually in similar Junior Achievement programs which help them to make career decisions and plan their future by deepening their understanding of different jobs through actual workplace visits.

In addition, taking advantage of the 80th anniversary of JGC's founding, since September 2008 we have also been participating in a program underway in Kanagawa Prefecture to create forests in water source areas. This program is working to protect and create forests in the water-source region of Kanagawa in order to pass them on to the next generation in a vigorously healthy state. As a "water-source forest partner," JGC is both donating toward the costs of looking after forests and participating in the activities needed to create forests.

Furthermore, as part of other social contribution activities, JGC has also established the JGC-S Scholarship Foundation and the JGC Social Welfare Foundation, and provides support to them.

The JGC-S Scholarship Foundation was originally created from an endowment by the late Masao Saneyoshi, JGC founder and president. The foundation's main operations are offering educational loans to Japanese science and engineering students at undergraduate and graduate levels, providing grants to overseas students studying in Japan, and offering research assistantships to young science and engineering researchers. Up to fiscal 2008, the JGC-S Scholarship Foundation has disbursed educational loans to 12,585 students, grants to 4,376 students, and research assistantships to 1,897 researchers. Currently, the foundation is disbursing a total of approximately ¥285 million each year.

The JGC Social Welfare Foundation develops and provides social welfare equipment for physically disabled people, and also provides funding assistance to support groups and volunteer organizations in Japan's Kanagawa Prefecture involved in social welfare services for the mentally and physically disabled and the elderly. Through these activities, the foundation strives to make a positive contribution to the local community. In fiscal 2008, the foundation logged 24 cases of assistance to support groups, and 14 cases for volunteer organizations.

Volunteers who are creating forests with water sources

IMPROVING OUR CORPORATE VALUE BY FULFILLING OUR SOCIAL RESPONSIBILITIES

JGC is keenly aware of the importance of corporate governance. Recognizing the need to foster that awareness in our corporate culture and climate, we have formulated the JGC Corporate Philosophy.

Through awareness-raising, education and training, we will work to win the public's trust and maintain harmony with society in our corporate activities.

Under the JGC Corporate Philosophy, we are working to increase corporate value and realize the principles set out in this philosophy while keeping corporate social responsibility in mind. At the same time, we make it a rule to strive for fairness and transparency in our corporate activities, in accordance with the Company's code of conduct.

CORPORATE GOVERNANCE FRAMEWORK

EXECUTIVE OFFICER SYSTEM

JGC has introduced an executive officer system, which clarifies the division of management decision-making and oversight functions from executive functions. This has further enhanced management efficiency and strengthened the Company's executive accountability system.

BOARD OF DIRECTORS

In fiscal 2008, the Board of Directors had 15 members and met twice a month in principle during the period under review, for a total of 18 times. The Company also has five corporate auditors (including three outside auditors) who regularly attend board meetings. Following the conclusion of the General Meeting of Shareholders in June 2009, the Board of Directors now has 15 directors and five corporate auditors (including three outside auditors), the same as in fiscal 2008.

MEETING FOR THE EXECUTION OF BUSINESS OPERATIONS

The Company has a Director and Executive Officer Committee, which meets once a month in principle for the purposes of sharing management policies and information, and reporting/confirming the status of operations. This committee met 14 times in fiscal 2008. The Chairman of the Board of Directors heads this committee, which is comprised of directors, executive officers, and corporate auditors.

The Management Strategy Committee meets once a week in principle to examine and make decisions on important matters for the Company and the JGC Group relating to management strategy. The Chairman of the Board of Directors heads this committee, which is comprised of directors, corporate auditors, and other members. The committee met 30 times in fiscal 2008.

JGC has also established the Operations Steering Committee to make decisions related to the execution of operations of the Company and the JGC Group. Chaired by the president, this committee includes corporate auditors and other individuals selected by the president. The committee meets twice a month in principle, and met 20 times in fiscal 2008.

In addition, a Nominating Committee and an Assessment Committee, the members of which include outside directors, have been established to enhance fairness and transparency in the selection of executive personnel and in the determination of compensation issues. The Nominating Committee and the Assessment Committee each met once in fiscal 2008.

BOARD OF AUDITORS

The Company has adopted the corporate auditor governance model. In fiscal 2008, the Board of Auditors comprised five corporate auditors, including three outside appointments. The Board of Auditors meets once a month in principle, and met 10 times in fiscal 2008.

Corporate auditors attend meetings of the Board of Directors, the Director and Executive Officer Committee, the Management Strategy Committee, and the Operations Steering Committee, and when necessary, interview directors regarding the execution of operations, and examine and oversee directors in the execution of their duties. Where necessary, the Board of Auditors meets with the independent auditor on a case-by-case basis to exchange opinions and share information, aiming to enhance the effectiveness of audits. No personal, capital, or business ties that could lead to a conflict of interest exist between the Company and its outside corporate auditors.

OUTSIDE DIRECTORS

Currently, the Company has appointed no outside directors. The reason for this is that the Company recognizes the importance of mainly appointing directors with a high degree of engineering and construction business knowledge and who are well-versed in a wide range of business activities. As a result, the Board of Directors comprises only internal directors with abundant experience. However, the Company will again consider the appointment of outside directors in the future based on the availability of suitable candidates.

INDEPENDENT AUDITOR

The certified public accountants who audit JGC's accounts are Makoto Ishikawa, Kazutoshi Isogai and Yoshihisa Uchida of KPMG AZSA & Co. One other CPA and ten other individuals assist with these audits.

EXECUTIVE COMPENSATION

- Total annual compensation for internal directors: ¥613 million
- Total annual compensation for the outside director: ¥1 million
- Total annual compensation for corporate auditors: ¥62 million

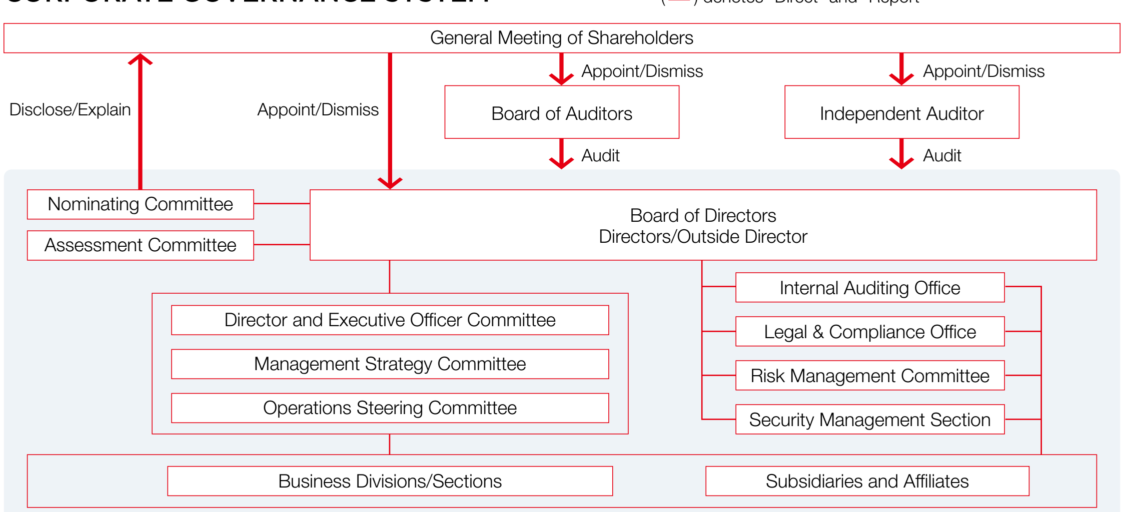
COMPENSATION FOR AUDITS

	Compensation for audit certification activities	Compensation for non-audit activities
JGC	¥87 million	¥1 million
Consolidated subsidiaries	¥51 million	—
Total	¥138 million	¥1 million

STATUS OF THE INTERNAL CONTROL SYSTEM

JGC has established an Internal Auditing Office to monitor, evaluate and improve the effectiveness of the internal control systems of JGC and of the Group as a whole, as well as to carry out individual audits where necessary. Additionally, JGC has created management authority

CORPORATE GOVERNANCE SYSTEM



regulations that specify the authority and responsibilities of all management personnel, thereby clarifying the system of accountability for corporate management and executive functions. JGC has also established Group management regulations for each Group member firm.

In terms of compliance, JGC's Legal & Compliance Office has compiled a corporate ethics and regulatory compliance manual, and conducts regular education and training to ensure a high level of fairness and transparency in all the Group's corporate activities. In addition, we are working through our PR and IR department to strengthen timely and appropriate disclosure of corporate information.

STATUS OF THE RISK MANAGEMENT SYSTEM

JGC has established a Risk Management Committee as part of a comprehensive risk management system designed to systematically identify risks throughout the Group. In particular, project risk management is conducted in three broad stages: 1) the project selection stage, 2) the estimate and bidding stage, and 3) the execution stage.

1) PROJECT SELECTION STAGE

Sales divisions are constantly gathering a wide range of project information based on various factors such as region, customer, and technical field, and activities to obtain orders are conducted based on the study and evaluation of the following points.

· Project size (value)
· Technical expertise and experience required
· Country risk
· Allocation of engineers
· Competitive environment, etc.

The results of these studies and evaluations are used in determining JGC's level of interest in the respective projects.

2) ESTIMATE AND BIDDING STAGE

After acquiring requirement documents from the customer, the Project Divisions organize an estimate team, and examine the details of the bid. After the details have been identified, a Risk Study Committee meeting is held to analyze project-specific risks.

Major risk management points are:

· Clarity of project plan and scope of responsibility
· Customer's project funding plan and project execution policy
· Level of technology required and degree of difficulty
· Price and supply-demand trends for materials, machinery and labor
· Degree of difficulty in meeting deadlines
· Existence of excessive contractual obligations
· Competitiveness of bidding environment
· Appropriateness of project execution plan

A detailed estimate policy is drawn up and an estimate is created based on this risk analysis.

3) EXECUTION STAGE

Problems and other matters affecting the budget and timing that occur during execution of the project are reported in a timely manner, and problem areas are analyzed.

The Project Divisions regularly hold Project Review Committee meetings to ask the project manager for status reports, and if improvement is needed, smooth project management is supported through instructions and assistance designed to bring about appropriate improvements.

Regarding crisis management, the Company has established a Security Management Section to gather and process information related to risk management, conduct risk management training, and respond to any urgent issues that arise.

Furthermore, the JGC Group has also established a Personal Information Protection Policy and Personal Information Protection Regulations, to build a system for managing personal information, centered on those employees with duties that involve the handling of this information.

BOARD OF DIRECTORS, AUDITORS AND EXECUTIVE OFFICERS

As of July 1, 2009

*Executive Vice President and Chief Marketing Officer**
Sei Tange

*President and Chief Operating Officer**
Masahiko Yaegashi

Chairman Emeritus of JGC Group
Yoshihiro Shigehisa

*Chairman and Chief Executive Officer**
Keisuke Takeuchi

*Executive Vice President and Chief Project Officer**
Tadanori Aratani

Managing Directors

Yutaka Yamazaki
Senior General Manager,
International Project Division

Nobuo Kikuta
Supervising International Project Division

Tadashi Ishizuka
Supervising International Project Division and
Project Operation Services Division

Koichi Kawana
Senior General Manager,
Global Marketing Division

Keitaro Ishii
Senior General Manager,
Legal & Compliance Office

Eiki Furuta
General Manager, Global Marketing Division and
Senior General Manager, Project Sales Division

Hideaki Miura
Senior General Manager, Engineering Division
and Chief Information Officer

Directors

Yukihiro Makino
Senior General Manager,
Corporate Strategy Office

Hiroyoshi Suga
Senior General Manager,
Finance & Accounting Division and
Chief Financial Officer

Toyohiko Shimada
Senior General Manager,
Planning & Business Promotion Division,
Global Marketing Division

Tsutomu Akabane
Deputy General Manager,
International Project Division

Corporate Auditors

Toshiyuki Tsuchida
Teruo Nakamura
Minoru Sakuma**
Hiroyoshi Murakami**
Masaru Yamamoto**

Senior Executive Officers

Yukihiko Shimizu
General Manager,
Global Marketing Division

Kazunori Nito
General Manager, Global Marketing Division

Shuichi Tokumaru
Senior General Manager,
Project Operation Services Division

Hidenori Yashima
General Manager, International Project Division
and Senior General Manager, Quality Assurance,
Safety & Environment Office

Executive Officers

Morio Yasuki
General Manager, Engineering Division

Yasumasa Isetani
Senior General Manager,
Industrial & Domestic Energy Project Division

Kazuo Yamane
Senior General Manager,
Corporate Planning & Administration Division
and Senior General Manager,
JGC Group Business Promotion Office

Yusuke Shinoda
Senior General Manager,
Business Development & Promotion Division,
Global Marketing Division

Akira Wada
General Manager, Engineering Division

Kenichi Sasaki
General Manager, International Project Division

Eiji Shimo
General Manager, International Project Division

Kensei Kagawa
General Manager, Project Sales Division,
Global Marketing Division

Tetsuo Ando
General Manager, International Project Division

Keiichi Shibata
General Manager, International Project Division

Yoshimichi Murakami
General Manager,
Industrial & Domestic Energy Project Division

Tadao Takahashi
President, JGC Gulf International Ltd.

Shigeru Abe
Deputy General Manager,
International Project Division

Takashi Yasuda
Senior General Manager,
Research & Development Division and
Chief Technology Officer

Masayuki Sato
General Manager, Finance & Accounting Division

Yasushi Momose
General Manager, Project Sales Division,
Global Marketing Division

Note: * Representative Directors
** Outside Auditors

CONTENTS

SIX-YEAR SUMMARY—CONSOLIDATED

For the six years ended March 31.
Yen amounts are in millions except per share data.

	2009	2008	2007	2006	2005	2004
Net Sales	**¥450,912**	¥551,062	¥608,530	¥550,301	¥435,198	¥409,962
Operating Income	**52,003**	44,896	26,413	20,389	13,221	15,486
Net Income	**31,543**	30,020	20,187	15,011	11,585	10,587
Total Current Assets	**335,220**	324,617	327,333	231,777	231,811	234,521
Total Current Liabilities	**208,023**	217,339	237,586	175,428	175,066	160,128
Working Capital	**127,197**	107,278	89,747	56,349	56,745	74,393
Current Ratio	**161.1%**	149.4%	137.8%	132.1%	132.4%	146.5%
Net Property and Equipment	**66,509**	68,450	67,220	65,688	65,887	67,171
Total Assets	**480,279**	466,773	470,286	375,288	367,438	355,009
Long-term Debt, Less Current Maturities	**23,255**	17,300	17,799	993	15,712	16,086
Total Shareholders' Equity	**—**	—	—	—	151,155	146,289
Total Net Assets	**224,488**	207,537	189,239	173,355	—	—
New Contracts	**506,135**	402,352	301,347	807,649	469,534	498,252
Outstanding Contracts	**727,321**	632,827	744,679	1,024,348	722,374	674,627
Net Income per Share (in yen)	**124.76**	118.33	79.52	58.33	44.93	40.88
Cash Dividends per Share (in yen)	**30.0**	21.0	15.0	11.0	8.5	8.0
Number of Employees	**5,739**	4,723	4,531	4,205	4,147	4,063

OUR VIEW OF THE OPERATING ENVIRONMENT

The global economy experienced an unprecedented slowdown during the fiscal year under review as the financial crisis triggered by the U.S. subprime mortgage issue spread to the global economy and resulted in a deterioration of the real economy.

In oil and gas producing countries, which have the greatest impact on the total engineering business (the core business) of the JGC Group (the Group), the dramatic drop in the price of crude oil and other natural resources since autumn 2008 has resulted in the delay of construction of capital investment projects, as clients have taken a wait-and-see approach with respect to plant construction costs. However, oil and gas producing countries, as well as international oil companies, which together comprise the Group's key clients, will not be swayed by short-term trends in the economy or crude oil prices. With such clients carrying out development investment based on a middle- to long-term perspective, we believe that latent interest in investment is solid. With respect to the Japanese economy, exports have fallen significantly in line with the global economic slowdown, and the outlook is for a continued weakening of the economy.

Under these difficult conditions, the core total engineering business received orders below the initial target, reflecting the termination by Kuwait National Petroleum Company of the EPC contract for the New Refinery Project, in Al-Zour, Kuwait. Concerning project execution, the Group worked to strengthen its partnerships with suppliers and subcontractors and to enhance its manpower resources. At the same time, the Group paid close attention to various risks and focused on ensuring certain and efficient project execution.

RESULTS OF OPERATIONS

Consolidated net sales for the JGC Group in the year ended March 31, 2009 declined 18.2% to ¥450,912 million. Consolidated operating income increased 15.8% to ¥52,003 million, and consolidated net income was up 5.1% to ¥31,543 million, a record high. The Group also recorded increases in consolidated net income for the tenth consecutive year.

NET SALES

Reflecting project progress and the impact of exchange rates, consolidated net sales declined by ¥100,150 million compared with the previous fiscal year, totaling ¥450,912 million.

COST OF SALES AND SELLING, GENERAL AND ADMINISTRATIVE COSTS

As a result of the decline in net sales, the cost of sales fell by ¥108,420 million to ¥378,942 million. Selling, general and administrative expenses increased by ¥1,163 million to ¥19,967 million.

OPERATING INCOME

Operating income increased by ¥7,107 million to ¥52,003 million. The operating income ratio rose 3.4 percentage points from 8.1% to 11.5%.

OTHER INCOME (EXPENSES)

Other income (expenses) declined from a net income of ¥2,012 million in the previous fiscal year to a net loss of ¥2,559 million. This was primarily due to an increase in provision for doubtful accounts, a decrease in equity in the earnings of affiliates, a decrease in interest and dividend income and an increase in losses due to the devaluation of marketable and investment securities, despite an increase in gain on sales of marketable and investment securities. As a result, income before taxes on income for the year ended March 31, 2009 increased ¥2,536 million to ¥49,444 million.

TAXES ON INCOME

Income tax and other taxes increased ¥5,767 million compared to the previous fiscal year to ¥23,677 million. This was attributable to the increase in income before taxes on income and minority interests in earnings of consolidated subsidiaries as well as the increase in tax expenses for tax calculation purposes. On the other hand, deferred taxes on income was minus ¥5,715 million, while tax expenses (net) came to ¥17,962 million (an increase of ¥1,094 million from the previous fiscal year).

MINORITY INTERESTS IN EARNINGS (LOSSES) CONSOLIDATED SUBSIDIARIES

Minority interests, primarily consisting of losses allocated to minority shareholders of consolidated subsidiary JGC-ITC Rabigh Utility Co., Ltd. increased by ¥81 million from the previous fiscal year to ¥61 million.

NET INCOME

As a result of the above, net income increased by ¥1,523 million to ¥31,543 million.

SEGMENT INFORMATION

INFORMATION BY BUSINESS SEGMENT

Net sales in the total engineering business declined by ¥97,075 million to ¥411,642 million, due to progress in projects and the impact of foreign exchange rates. Operating income increased by ¥11,271 million to ¥50,688 million, attributable to higher gross profit margins on completed projects.

In the catalysts and fine products business, net sales declined by ¥3,075 million from the previous fiscal year to ¥39,270 million as the dramatic economic slowdown prompted clients to push back or reexamine business plans and caused a contraction in the product market. Operating income fell ¥4,163 million to ¥1,292 million, reflecting the worse-than-expected deterioration of the business environment, including dramatic price fluctuations for rare metals, which are key raw materials for this business. The total engineering business accounted for 91% of net sales and 97% of operating income.

INFORMATION BY REGION

Overseas sales declined by ¥86,097 million to ¥257,362 million. The breakdown of consolidated sales is 57% overseas and 43% domestic.

FINANCIAL POSITION

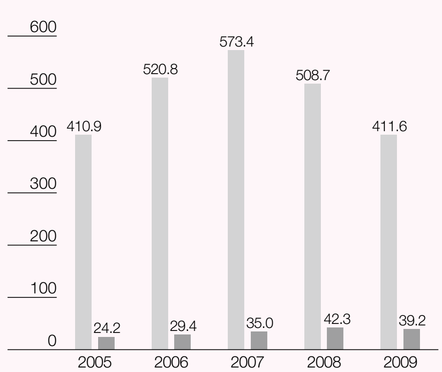
Consolidated total assets at the end of the fiscal year under review totaled ¥480,279 million, an increase of ¥13,506 million from the end of the previous fiscal year. The increase was due to an increase in cash and deposits and other factors. Total liabilities declined by ¥3,445 million to ¥255,791 million, due to a decrease in advances received for uncompleted contracts. Shareholders' equity (total net assets-minority interests) increased by ¥16,633 million to ¥223,888 million, due to the increase in net income.

As a result, the shareholders' equity ratio was 46.6%.

Effective from fiscal 2007, the Company has applied the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and the "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet."

SEGMENT SALES

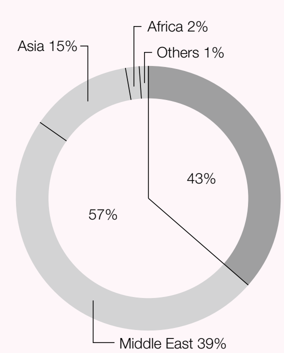
(Billions of yen)



Total Engineering Business
Catalysts and Fine Products Business

RATIO OF DOMESTIC AND OVERSEAS NET SALES

(%)



Overseas Net Sales
Domestic Net Sales

Balance sheet indicators for the JGC Group are as follows:

	Mar 2007	Mar 2008	**Mar 2009**
Current ratio (%)	138	149	**161**
Fixed assets ratio (%)	76	68	**65**

Notes: Current ratio: Current assets/current liabilities
Fixed asset ratio: (Net property and equipment+total other assets)/total net assets
All indicators are calculated using consolidated financial figures.

CASH FLOW

Cash and cash equivalents on a consolidated basis increased by ¥7,795 million to ¥174,282 million, excluding the increase associated with newly-consolidated subsidiaries.

Net cash provided by operating activities was ¥36,595 million, mainly from the ¥49,444 million in income before income taxes, reflecting the steady collection of receivables.

Net cash used in investing activities was ¥26,457 million, reflecting disbursements for investments in business investment projects.

Net cash provided by financing activities was ¥472 million. Factors included proceeds from long-term bank loans and dividend payments.

Cash flow indicators for the JGC Group are as follows:

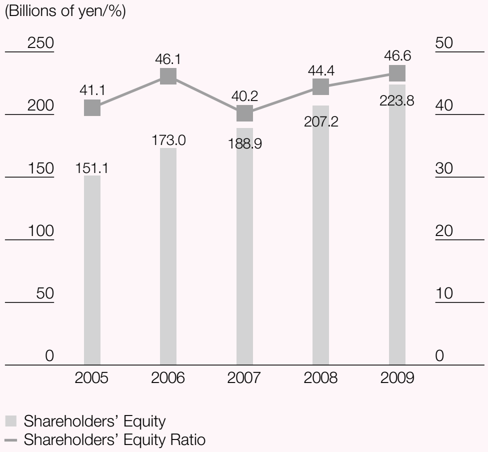
	Mar 2007	Mar 2008	**Mar 2009**
Shareholders' equity ratio (%)	40.2	44.4	**46.6**
Shareholders' equity ratio (market basis, %)	104.4	82.5	**58.7**
Years to redemption of liabilities (years)	0.3	0.6	**0.7**
Interest coverage ratio (times)	308.2	62.8	**47.1**

Notes: Shareholders' equity ratio: (Total net assets-minority interests)/total assets
Shareholders' equity ratio (market basis): Total market value of shares/total assets
Years to redemption of liabilities: Interest-bearing liabilities/net cash
Interest coverage ratio: Net cash/interest expenses
All indicators are calculated using consolidated financial figures.

Interest bearing liabilities include all liabilities posted on the Consolidated Balance Sheets on which interest was paid. Net cash is taken from cash flow provided by operating activities, as reported in the Consolidated Statements of Cash Flows.

SHAREHOLDERS' EQUITY* AND SHAREHOLDERS' EQUITY RATIO

(Billions of yen/%)



* From 2006, equal to total net assets-minority interests

FREE CASH FLOWS

(Billions of yen)

ANALYSIS OF NEW CONTRACTS

At the end of the fiscal year under review, new contracts on a consolidated basis for the total engineering business totaled ¥506,135 million (up 25.8% from the end of the previous fiscal year). This figure fell short of our initial forecast of ¥700,000 million. The primary factor behind this was the termination by Kuwait National Petroleum Company of the EPC contract for the New Refinery Project, in Al-Zour, Kuwait.

A breakdown of new contracts by business sector and region is as follows:

NEW CONTRACTS BY BUSINESS SECTOR

(Billions of yen)

	Mar 2008	**Mar 2009**	**Mar 2009 Percentage of new contracts**
Oil and gas development projects	11.3	**268.8**	**53.1**
Petroleum refining projects	79.1	**50.8**	**10.1**
LNG projects	16.0	**31.2**	**6.2**
Chemical projects	243.9	**78.4**	**15.5**
Other projects	51.9	**76.6**	**15.1**

NEW CONTRACTS BY REGION

(Billions of yen)

	Mar 2008	**Mar 2009**	**Mar 2009 Percentage of new contracts**
Japan	135.7	**131.9**	**26.1**
Asia	15.1	**14.3**	**2.8**
Africa	7.5	**47.6**	**9.4**
Middle East	232.0	**299.6**	**59.2**
Other	11.8	**12.6**	**2.5**

The consolidated outstanding contracts totaled ¥727,321 million, after adjustments for currency exchange and revision to contract figures.

FUTURE OUTLOOK

In the total engineering business, although latent investment desire in plant facilities is firm in our key markets centered on the Middle East, Asia and Africa, there is uncertainty in the market environment. Such uncertainty includes the postponement of investment decisions on some projects due to expectations for plant construction costs to trend downwards and the reexamination of business profitability in light of economic volatility. For the upcoming fiscal year, we expect continued capital investment in sectors including oil, gas and resource development, LNG, petroleum refining, non-ferrous metals refining and pharmaceuticals. In these areas we will consider project scale, profitability, regions and sectors, while aggressively pursuing business activities aimed at achieving the goals set forth in our “Scenario 2010” medium-term business plan.

In the catalysts and fine products business, we look for poor market conditions and slumping demand to continue, making for a continued difficult business environment. We will respond to these tough conditions by redoubling our efforts to cut costs, efficiently allocating our personnel and aggressively working to cultivate new clients. We will also strive to increase the profitability of each product, accelerate expansion into overseas markets, and build new business bases.

The following matters regarding risks associated with the businesses of the JGC Group could potentially have an effect on the judgments and decisions of investors.

Forward-looking statements are based on the best information available and give consideration to the overall activities of the JGC Group as of the date of publication of this annual report.

1. RISKS WITH OVERSEAS CAUSES

Overseas businesses generate about 60% of the JGC Group's total net sales. Such businesses are subject to country risks—economic, political and social. These include political unrest, wars, revolutions, civil strife, confiscation of property, changes in economic policy, default on foreign debts and changes in exchange and taxation systems. To minimize the effects arising from these risks on its businesses, the JGC Group continuously reviews and reinforces its risk management system, carries trade insurance, recovers receivables as early in a project as possible, forms joint ventures, and takes various other steps. However, when changes in the business environment are more radical than anticipated, and projects are canceled, suspended or delayed, the possibility of a negative impact on JGC's performance arises.

2. RISKS AFFECTING PROJECT EXECUTION

Almost all contracts for projects in which the JGC Group participates are lump sum, full-turnkey contracts. However, to enable hedging of some of the risks in these contracts, the Group uses cost-plus-fee contracts and contracts based on the cost disclosure estimate method, depending on the project. The Group draws fully upon its past experience to anticipate and incorporate into each contract provisions for dealing with the risks that threaten to arise during its execution. When confronted with unforeseen impediments to the execution of a project, including sudden steep rises in costs of materials, equipment, machinery and labor, outbreaks of disease, natural disasters, or if the JGC Group's actions or a problem during project execution should cause a major accident, the economics of a project can be adversely affected, which can have a negative impact on the JGC Group's performance.

3. RISKS AFFECTING INVESTING ACTIVITIES

The JGC Group invests in resource development businesses, new types of fuel business, water and power generation businesses, and the global warming gas-emissions credits business. In making these decisions, specific criteria are in place to facilitate new investments and reinvestments, monitoring of existing businesses, as well as decisions to withdraw from businesses, thereby ensuring the execution of appropriate risk management. However, unanticipated dramatic changes in the investing environment, such as sudden price fluctuations in oil, gas or other energy resources, can have a negative impact on the JGC Group's performance.

4. RISKS OF CHANGES IN EXCHANGE RATES

Almost all of the income from JGC Group sales generated by overseas business is paid in foreign currencies. To hedge the associated exchange rate risk, we have introduced countermeasures including project contracts denominated in multiple currencies, conduct overseas procurement and enter into foreign exchange contracts. However, sudden exchange rate fluctuations could negatively affect the JGC Group's performance.

CONSOLIDATED BALANCE SHEETS

JGC CORPORATION
March 31, 2009 and 2008

Assets	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current Assets:			
Cash and deposits (Note 14)	**¥117,782**	¥ 93,617	**$1,199,043**
Marketable securities (Notes 10 & 14)	**56,500**	71,000	**575,181**
Notes and accounts receivable (Note 2)	**72,455**	68,131	**737,606**
Inventories (Note 4)	**62,250**	68,744	**633,717**
Deferred tax assets (Note 13)	**13,734**	9,136	**139,815**
Other current assets (Note 2)	**12,559**	14,522	**127,852**
Allowance for doubtful accounts	**(60)**	(533)	**(611)**
Total Current Assets	**335,220**	324,617	**3,412,603**
Property and Equipment (Note 3)**:**			
Land (Note 15)	**26,561**	26,517	**270,396**
Buildings and structures	**55,509**	54,827	**565,092**
Machinery and equipment	**44,461**	43,316	**452,621**
Construction in progress	**853**	96	**8,684**
	127,384	124,756	**1,296,793**
Less accumulated depreciation	**(60,875)**	(56,306)	**(619,719)**
Net Property and Equipment	**66,509**	68,450	**677,074**
Other Assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 10)	**27,804**	18,663	**283,050**
Marketable and investment securities (Note 10)	**23,918**	29,033	**243,490**
Long-term loans receivable (Note 2)	**10,073**	13,694	**102,545**
Deferred tax assets (Note 13)	**11,241**	6,188	**114,436**
Goodwill	**404**	1,211	**4,113**
Other	**5,110**	4,917	**52,020**
Total Other Assets	**78,550**	73,706	**799,654**
Total Assets	**¥480,279**	¥466,773	**$4,889,331**

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Current Liabilities:			
Short-term loans and current maturities of long-term debt (Note 3)	¥ 762	¥ 762	$ 7,757
Notes and accounts payable (Note 2)	92,519	82,017	941,861
Advances received on uncompleted contracts	81,501	111,955	829,696
Reserve for job warranty costs	468	695	4,764
Reserve for losses on contracts	1,835	2,611	18,681
Income taxes payable	14,592	9,368	148,549
Other current liabilities (Notes 2 & 13)	16,346	9,931	166,405
Total Current Liabilities	208,023	217,339	2,117,713
Long-Term Debt, Less Current Maturities (Note 3)	23,255	17,300	236,740
Retirement and Severance Benefits (Note 6)	16,226	16,214	165,184
Deferred Tax Liabilities for Land Revaluation (Notes 13 & 15)	3,783	3,783	38,512
Other Non-Current Liabilities (Notes 2 & 13)	4,504	4,600	45,852
Total Liabilities	255,791	259,236	2,604,001
Contingencies (Note 7)			
Net Assets (Note 8)**:**			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2009 and 2008	23,511	23,511	239,346
Capital surplus	25,599	25,593	260,603
Retained earnings	188,547	160,311	1,919,444
Treasury stock, at cost	(5,671)	(5,532)	(57,732)
Net unrealized holding gains on securities	2,481	8,056	25,257
Deferred gains (losses) on hedges	(1,027)	331	(10,455)
Land revaluation, net of deferred tax portion (Note 15)	(6,590)	(6,590)	(67,087)
Foreign currency translation adjustments	(2,962)	1,575	(30,154)
Minority interests	600	282	6,108
Total Net Assets	224,488	207,537	2,285,330
Total Liabilities and Net Assets	¥480,279	¥466,773	$4,889,331

CONSOLIDATED STATEMENTS OF INCOME

JGC CORPORATION
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	**2009**
Net Sales (Notes 9 & 12)	**¥450,912**	¥551,062	¥608,530	**$4,590,370**
Cost of Sales	**378,942**	487,362	564,591	**3,857,702**
Gross profit	**71,970**	63,700	43,939	**732,668**
Selling, General and Administrative Expenses	**19,967**	18,804	17,526	**203,268**
Operating income	**52,003**	44,896	26,413	**529,400**
Other Income (Expenses):				
Interest and dividend income	**3,980**	6,593	5,184	**40,517**
Interest expense	**(807)**	(558)	(358)	**(8,215)**
Loss on sales and disposal of property and equipment	**(90)**	(177)	(286)	**(916)**
Loss on devaluation of marketable and investment securities	**(2,148)**	(24)	(26)	**(21,867)**
Exchange gain, net	**(1,611)**	(8,152)	(120)	**(16,400)**
Equity in earnings of affiliates	**2,143**	5,078	3,199	**21,816**
Gain on sales of marketable and investment securities	**2,577**	148	36	**26,234**
Gain on transition to new defined contribution pension plan	**—**	—	81	**—**
Provision for doubtful accounts	**(6,635)**	(1,424)	(1,776)	**(67,546)**
Loss on withdrawal from certain business	**—**	—	(920)	**—**
Provision for retirement and severance benefits	**—**	—	(117)	**—**
Other, net	**32**	528	513	**326**
	(2,559)	2,012	5,410	**(26,051)**
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	**49,444**	46,908	31,823	**503,349**
Taxes on Income (Note 13)**:**				
Current	**23,677**	17,910	11,300	**241,036**
Deferred	**(5,715)**	(1,042)	312	**(58,180)**
Income before minority interests	**31,482**	30,040	20,211	**320,493**
Minority Interests in Earnings (Losses) Consolidated Subsidiaries	**61**	(20)	(24)	**621**
Net Income	**¥ 31,543**	¥ 30,020	¥ 20,187	**$ 321,114**

	Yen			U.S. dollars (Note 1)
Amounts Per Share of Common Stock				
Net income	**¥124.76**	¥118.33	¥79.52	**$1.27**
Cash dividends applicable to the year	**¥ 30.00**	¥ 21.00	¥15.00	**$0.31**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JGC CORPORATION
Years ended March 31, 2009, 2008 and 2007

	Thousands of shares	Millions of yen								
	Common stock									
	Shares	Amount	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Land revaluation, net of deferred tax portion (Note 15)	Foreign currency translation adjustments	Minority Interests
Balance at March 31, 2006	259,053	¥23,511	¥25,582	¥116,850	¥(3,879)	¥17,437	¥ —	¥(6,582)	¥ 145	¥ 291
Net income for the year				20,187						
Effect of change in scope of consolidation				240						
Cash dividends				(2,793)						
Bonuses to directors and corporate statutory auditors				(192)						
Gain on retirement of treasury stock			4		2					
Land revaluation, net of deferred tax portion				8				(8)		
Net unrealized holding losses on securities						(2,584)				
Foreign currency translation adjustments									1,192	
Increase of treasury stock					(155)					
Net changes during the year										(17)
Balance at March 31, 2007	259,053	¥23,511	¥25,586	¥134,300	¥(4,032)	¥14,853	¥ —	¥(6,590)	¥ 1,337	¥ 274
Net income for the year				30,020						
Effect of change in scope of consolidation				(202)						
Cash dividends				(3,807)						
Gain on retirement of treasury stock			7		6					
Land revaluation, net of deferred tax portion										
Net unrealized holding gains on securities						(6,797)				
Net deferred gains on hedges							331			
Foreign currency translation adjustments									238	
Increase of treasury stock					(1,506)					
Net changes during the year										8
Balance at March 31, 2008	259,053	¥23,511	¥25,593	¥160,311	¥(5,532)	¥ 8,056	¥ 331	¥(6,590)	¥ 1,575	¥ 282
Net income for the year				**31,543**						
Effect of change in scope of consolidation				**2,003**					**(48)**	**435**
Cash dividends				**(5,310)**						
Gain on retirement of treasury stock			**6**		**15**					
Land revaluation, net of deferred tax portion				**0**				**(0)**		
Net unrealized holding losses on securities						**(5,575)**				
Net deferred losses on hedges							**(1,358)**			
Foreign currency translation adjustments									**(4,489)**	
Increase of treasury stock					**(154)**					
Net changes during the year										**(117)**
Balance at March 31, 2009	**259,053**	**¥23,511**	**¥25,599**	**¥188,547**	**¥(5,671)**	**¥ 2,481**	**¥(1,027)**	**¥(6,590)**	**¥(2,962)**	**¥ 600**

	Thousands of U.S. dollars (Note1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Land revaluation, net of deferred tax portion (Note 15)	Foreign currency translation adjustments	Minority Interests
Balance at March 31, 2008	$239,346	$260,542	$1,631,996	$(56,317)	$ 82,012	$ 3,370	$(67,087)	$ 16,034	$ 2,871
Net income for the year			**321,114**						
Effect of change in scope of consolidation			**20,391**					**(489)**	**4,428**
Cash dividends			**(54,057)**						
Gain on retirement of treasury stock		**61**		**153**					
Land revaluation, net of deferred tax portion			**0**				**(0)**		
Net unrealized holding losses on securities					**(56,755)**				
Net deferred losses on hedges						**(13,825)**			
Foreign currency translation adjustments								**(45,699)**	
Increase of treasury stock				**(1,568)**					
Net changes during the year									**(1,191)**
Balance at March 31, 2009	**$239,346**	**$260,603**	**$1,919,444**	**$(57,732)**	**$ 25,257**	**$(10,455)**	**$(67,087)**	**$(30,154)**	**$ 6,108**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

JGC CORPORATION
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	**2009**
Cash Flows From Operating Activities:				
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	**¥ 49,444**	¥ 46,908	¥ 31,823	**$ 503,349**
Adjustments to reconcile income before taxes on income and minority interests in earnings of consolidated subsidiaries to net cash provided by operating activities:				
Depreciation and amortization	**6,979**	6,081	5,394	**71,048**
Amortization of goodwill	**764**	734	734	**7,778**
Increase (decrease) in allowance for doubtful accounts	**6,687**	1,421	(938)	**68,075**
Increase (decrease) in reserve for losses on contracts	**(776)**	(2,403)	1,747	**(7,900)**
Increase (decrease) in retirement and severance benefits	**(8)**	(928)	82	**(81)**
Interest and dividend income	**(3,980)**	(6,593)	(5,184)	**(40,517)**
Interest expense	**807**	558	358	**8,215**
Exchange (gain) loss	**660**	5,005	(402)	**6,719**
Equity in earnings of affiliates	**(2,143)**	(5,078)	(3,199)	**(21,816)**
Gain on sales of marketable and investment securities	**(2,577)**	(148)	(36)	**(26,234)**
Loss on devaluation of marketable and investment securities	**2,148**	24	26	**21,867**
Loss on sales and disposal of property and equipment	**90**	177	286	**916**
Loss on withdrawal from certain businesses	**—**	—	920	**—**
Decrease (increase) in notes and accounts receivable	**(4,141)**	12,300	(9,564)	**(42,156)**
Decrease (increase) in inventories	**7,146**	(9,038)	(2,848)	**72,748**
Decrease (increase) in other assets	**5,758**	176	(682)	**58,618**
Increase (decrease) in notes and accounts payable	**9,103**	(27,782)	23,917	**92,670**
Increase (decrease) in advances received on uncompleted contracts	**(31,909)**	11,676	42,907	**(324,840)**
Other	**5,014**	(40)	1,450	**51,042**
Subtotal	**49,066**	33,050	86,791	**499,501**
Interest and dividends received	**6,667**	8,801	6,206	**67,871**
Interest paid	**(777)**	(460)	(256)	**(7,910)**
Income taxes paid	**(18,361)**	(12,526)	(13,627)	**(186,918)**
Net Cash Provided by Operating Activities	**36,595**	28,865	79,114	**372,544**
Cash Flows From Investing Activities:				
Payments for purchases of property and equipment	**(6,042)**	(6,494)	(7,098)	**(61,509)**
Proceeds from sales of property and equipment	**195**	133	51	**1,985**
Payments for purchase of intangible fixed assets	**(1,211)**	(997)	(698)	**(12,328)**
Payments for purchase of marketable and investment securities	**(21,528)**	(3,872)	(6,077)	**(219,159)**
Proceeds from sales of marketable and investment securities	**5,399**	550	508	**54,963**
Decrease (increase) in short-term loans receivable	**(77)**	293	421	**(784)**
Payments for long-term loans receivable	**(3,375)**	(5,233)	(1,672)	**(34,358)**
Proceeds from long-term loans receivable	**63**	658	199	**641**
Other	**119**	(70)	356	**1,212**
Net Cash Used in Investing Activities	**(26,457)**	(15,032)	(14,010)	**(269,337)**
Cash Flows From Financing Activities:				
Increase (decrease) in short-term loans	**(75)**	(2,389)	2,351	**(763)**
Proceeds from long-term bank loans	**6,839**	1,050	17,482	**69,622**
Repayments of long-term bank loans	**(808)**	(670)	(15,300)	**(8,226)**
Repayment of finance lease obligation	**(33)**	—	—	**(336)**
Payments for purchase of treasury stock	**(133)**	(1,492)	(150)	**(1,354)**
Cash dividends paid	**(5,307)**	(3,805)	(2,790)	**(54,026)**
Cash dividends paid to minority shareholders	**(11)**	(12)	(40)	**(112)**
Net Cash Provided by (Used in) Financing Activities	**472**	(7,318)	1,553	**4,805**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(2,815)**	(1,360)	966	**(28,657)**
Net Increase in Cash and Cash Equivalents	**7,795**	5,155	67,623	**79,355**
Cash and Cash Equivalents at Beginning of Year	**164,617**	159,411	91,489	**1,675,832**
Increase in Cash and Cash Equivalents From Newly Consolidated Subsidiaries	**1,870**	—	299	**19,037**
Increase in Cash and Cash Equivalents From Subsidiaries Merged	**—**	51	—	**—**
Cash and Cash Equivalents at End of Year (Note 14)	**¥174,282**	¥164,617	¥159,411	**$1,774,224**

The accompanying notes are an integral part of these statements.

NOTE 1 — SUMMARY OF ACCOUNTING POLICIES

(A) BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of JGC Corporation (Nikki Kabushiki Kaisha, the Company) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Prior to the year ended March 31, 2009, the accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 1 (e), the accounts of consolidated overseas subsidiaries for the year ended March 31, 2009 are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(B) REPORTING ENTITY

The consolidated financial statements include the accounts of the Company and its significant subsidiaries that include less than 50% owned affiliates controlled through substantial ownership of majority voting rights or existence of substantial control. All significant inter-company transactions and account balances are eliminated in consolidation.

Investments in non-consolidated subsidiaries and affiliates over which the Company has the ability to exercise significant influence over operating and financial policies of the investees are accounted for by the equity method.

The number of consolidated subsidiaries and affiliates accounted for using the equity method at March 31, 2009, 2008 and 2007, was as follows:

	2009	2008	2007
Consolidated subsidiaries	**14**	13	12
Affiliates under the equity method	**3**	3	2

Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost, adjusted for any substantial and non-recoverable decline in value. The effect on net income (loss) and retained earnings from those investments not accounted for under the equity method is immaterial.

(C) CONSOLIDATED STATEMENTS OF CASH FLOWS

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with negligible risk of changes in value, and maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(D) CONVERSION OF FOREIGN CURRENCIES AND TRANSLATION OF STATEMENTS

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates.

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rates except for net assets accounts, which are translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated at average rates except for transactions with the Company, which are translated at the rates used by the Company.

(E) UNIFICATION OF ACCOUNTING POLICIES APPLIED TO FOREIGN SUBSIDIARIES FOR CONSOLIDATED FINANCIAL STATEMENTS

On March 17, 2006, the Accounting Standards Board of Japan issued ASBJ Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impacts on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subjected to amortization
(b) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment, and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

There were no material effects from adopting PITF No. 18 on the consolidated financial statements for the year ended March 31, 2009.

(F) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Notes and accounts receivables, including loans and other receivables, are valued by providing individually estimated uncollectible amounts plus the amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts.

(G) MARKETABLE SECURITIES, INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES, AND MARKETABLE AND INVESTMENT SECURITIES

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using the moving-average method. Other securities with no available fair market value are stated at moving-average cost. Equity securities issued by subsidiaries and affiliates, which are not consolidated or accounted for using the equity method, are stated at moving-average cost.

The companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes, (b) debt securities intended to be held to maturity, (c) equity securities issued by subsidiaries and affiliates, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Company and its domestic consolidated subsidiaries did not have the securities defined as (a) and (b) above in the years ended March 31, 2009 and 2008.

If the market value of available-for-sale securities declines significantly, such securities are restated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of decline (See Note 9). For equity securities with no available fair market value, if the net asset value of the investee declines significantly, such securities are required to be written down to the net asset value with the corresponding losses in the period of decline. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(H) RECOGNITION OF SALES, CONTRACT WORKS IN PROGRESS AND ADVANCES RECEIVED ON UNCOMPLETED CONTRACTS

The Company recognizes sales on contracts using the completed-contract method. Under this method, costs and advances received on uncompleted contracts are accumulated during the period of construction. These costs and advances received on uncompleted contracts are not offset and are shown as contract works in progress and advances received on uncompleted contracts in the accompanying consolidated balance sheets. Accordingly, no profits or losses are recorded before the contract is completed.

Sales on other contracts for relatively large projects, which require long periods for completion and which generally include engineering, procurement (components, parts, etc.) and construction on a full-turnkey basis, are recognized on the percentage-of-completion method, primarily based on contract costs incurred to date compared with total estimated costs for contract completion. The percentage-of-completion method is adopted for large jobs for which the construction period exceeds 24 months and the contract amount exceeds ¥5,000 million (including jobs whose construction period exceeds 36 months and the contract amount exceeds ¥3,000 million). Revisions in contract revenue and cost estimates are recognized in the period in which they are determined.

Contract works in progress are stated at cost determined by a specific identification method and comprised of direct materials, components and parts, direct labor, subcontractors' fees and other items directly attributable to the contract, and job-related overheads. Selling, general and administrative expenses are charged to operations as incurred and are not allocated to contract job work costs.

The Company normally receives payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

(I) INVENTORIES

Prior to April 1, 2008, Inventories of the Company and its consolidated subsidiaries are stated at cost determined using the moving-average method except for contract works in progress as stated Note 1(h).

On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". As permitted under the superseded accounting standard, some consolidated domestic subsidiaries previously stated inventories at cost. The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value. The effect of this change on the financial result is immaterial.

(J) OPERATING CYCLE

Assets and liabilities related to long-term contract jobs are included in current assets and current liabilities in the accompanying consolidated balance sheets, as they will be liquidated in the normal course of contract completion, although it may require more than one year.

(K) PROPERTY AND EQUIPMENT, DEPRECIATION AND FINANCE LEASES

Property and equipment are stated at cost, except for certain revalued land as explained in Note 15. Depreciation of property and equipment is calculated primarily using the straight-line method for buildings used for business operation, and the declining-balance method for other property and equipment over the estimated useful lives of the assets based on the Corporate Tax Code of Japan.

Effective from the year ended March 31, 2008, the Company and its domestic subsidiaries have changed their depreciation procedure based on an amendment in corporation tax law for the tangible assets acquired on and after April 1, 2007. The effect of this change on the financial result is immaterial.

Effective from the year ended March 31, 2008, the Company and its domestic subsidiaries have changed their depreciation procedure, which book value became 5% of the acquired cost based on an amendment in corporation tax law for the tangible assets acquired before March 31, 2007.

The tangible assets which book value became 5% of the acquired cost are amortized by straight line method over 5 years. The effect of this change on the financial result is immaterial.

Effective from the year ended March 31, 2009, the Company and its domestic subsidiaries shortened the estimated useful lives of machinery and equipment based on the reassessment of the useful lives in light of the change in the Corporation Tax Code of Japan. The effect of this change on the financial result is immaterial.

Prior to the year ended March 31, 2009, the Company and its domestic subsidiaries accounted for finance leases which do not transfer ownership of the leased property to the lessee as operating leases with disclosure of certain “as if capitalized” information in a note to the consolidated financial statements.

On March 31, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions” and ASBJ Guidance No. 16, “Guidance on Accounting Standard for Lease Transactions”. The new accounting standards require that all finance leasing transactions should be capitalized.

Effective from the year ended March 31, 2009, the Company and its domestic subsidiaries adopted the new accounting standards for finance leases commencing after March 31, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of “as if capitalized” information.

The effect of this change on the financial result is immaterial.

Expenditures for new facilities and those that substantially increase the useful lives of existing property and equipment are capitalized. Maintenance, repair and minor renewals are charged to expenses as incurred.

The cost and accumulated depreciation applicable to assets retired or otherwise disposed of are eliminated from the related accounts and the gain or loss on disposal is credited or charged to income.

(L) IMPAIRMENT OF FIXED ASSETS

The Company and its consolidated subsidiaries review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(M) RETIREMENT AND SEVERANCE BENEFITS AND PENSION COSTS

(1) Employees’ severance and retirement benefits

The Company and its consolidated subsidiaries provide two types of post-employment benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

Some consolidated subsidiaries also have a defined contribution pension plan, which was transferred from a portion of defined benefit pension plan.

The Company and its consolidated subsidiaries provided allowance for employees’ severance and retirement benefits at March 31, 2009 and 2008, based on the estimated amounts of projected benefit obligation, actuarially calculated using certain assumptions and the fair value of the plan assets at that date.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years.

The Company and its consolidated subsidiaries recognize prior service costs as expenses in equal amounts over the average of the estimated remaining service lives of the employees, and actuarial gains and losses as expenses using the declining-balance method over the average of the estimated remaining service lives commencing in the following period.

However, some consolidated subsidiaries recognized prior service costs and actuarial differences as expenses in the period incurred.

(2) Officers’ severance and retirement benefits

Domestic consolidated subsidiaries provide for liabilities in respect of lump-sum severance and retirement benefits to directors and corporate statutory auditors computed on the assumption that all officers retired at year-end.

(N) RESEARCH AND DEVELOPMENT COSTS

Research and development costs for the improvement of existing skills and technologies or the development of new skills and technologies, including basic research and fundamental development costs, are charged to operations in the period incurred.

(O) TAXES ON INCOME

The Company and its consolidated subsidiaries provide tax effects of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(P) RESERVE FOR JOB WARRANTY COSTS

A reserve for the estimated cost of warranty obligations is provided for the Company's engineering, procurement and construction work at the time the related sales on contracts are recorded.

(Q) RESERVE FOR LOSSES ON CONTRACTS

A reserve for losses on contracts is provided for an estimated amount of probable losses to be incurred in future years in respect of construction projects in progress.

(R) PER SHARE INFORMATION

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date but applicable to the year then ended.

(S) AMORTIZATION OF GOODWILL

Goodwill is amortized over five years on a straight-line basis, and either debited to the selling, general and administrative expenses, or credited to other income.

(T) DERIVATIVES AND HEDGE ACCOUNTING

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless the derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its domestic consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
  (i) The difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the statement of income in the period which includes the inception date, and
  (ii) The discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, where interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(U) ACCRUED BONUSES TO DIRECTORS AND CORPORATE AUDITORS

The company and consolidated subsidiaries recognize director's and corporate auditor's bonuses as expenses when incurred.

(V) RECLASSIFICATION AND RESTATEMENT

Certain prior year amounts have been reclassified to conform to the current year presentation.

These reclassifications had no impact on previously reported results of operations or retained earnings.

NOTE 2 — RECEIVABLES FROM AND PAYABLES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Significant receivables from and payables to unconsolidated subsidiaries and affiliates at March 31, 2009 and 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2009**	2008	**2009**
Notes and accounts receivable	**¥ 402**	¥ 11	**$ 4,092**
Other current assets	**1,266**	884	**12,888**
Long-term loans receivable	**8,412**	5,257	**85,636**
Notes and accounts payable	**1,099**	1,179	**11,188**
Other current liabilities	**448**	454	**4,561**
Other non-current liabilities	**3**	—	**31**

NOTE 3 — BORROWINGS AND ASSETS PLEDGED AS COLLATERAL

Short-term loans consisted mainly of unsecured notes and bank overdrafts and bore interest at the annual rates of 1.39% and 0.80% to 1.36% at March 31, 2009 and 2008, respectively. Such loans are generally renewable at maturity.

Long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2009	2008	2009
Secured Loans			
0.55% – 1.75% loans from a governmental institution due serially through 2013	**¥ 2,340**	¥ 2,349	**$ 23,822**
Unsecured Debt			
1.21% – 3.00% loans from banks and insurance companies due serially through 2015	**21,652**	15,613	**220,421**
	23,992	17,962	**244,243**
Less current maturities	**(737)**	(662)	**(7,503)**
Long-term debt due after one year	**¥23,255**	¥17,300	**$236,740**

Assets pledged as collateral for long-term debt and other non-current liabilities at March 31, 2009 and 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2009	2008	2009
Land	**¥ 5,071**	¥ 5,071	**$ 51,624**
Buildings and structures, at net book value	**3,819**	3,991	**38,878**
Machinery and equipment, at net book value	**4,809**	5,725	**48,956**
Total	**¥13,699**	¥14,787	**$139,458**

The annual maturities of long-term debt outstanding at March 31, 2009 were as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2010	¥ 737	$ 7,503
2011	677	6,892
2012	899	9,152
2013	14,740	150,056
2014 and thereafter	6,939	70,640
Total	¥23,992	$244,243

NOTE 4 — INVENTORIES

Inventories at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2009	2008	2009
Inventories:			
Contract works in progress	**¥48,998**	¥58,497	**$498,809**
Finished goods and merchandise	**7,729**	5,292	**78,683**
Works in process	**1,401**	1,655	**14,262**
Raw materials and others	**4,122**	3,300	**41,963**
Total	**¥62,250**	¥68,744	**$633,717**

NOTE 5 — LEASE TRANSACTIONS

A. LESSEE LEASES

(a) FINANCE LEASE TRANSACTIONS WITHOUT OWNERSHIP TRANSFER TO LESSEE

As discussed in Note 1 (k), finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2009 and 2008 are as follows:

(1) Purchase price equivalents, accumulated depreciation equivalents, and book value equivalents:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2009	2008	2009
Machinery and equipment and others:			
Purchase price equivalents	**¥1,501**	¥1,725	**$15,280**
Accumulated depreciation equivalents	**(820)**	(839)	**(8,347)**
Book value equivalents	**¥ 681**	¥ 886	**$ 6,933**

Purchase price equivalents are calculated using the inclusive-of-interest method.

(2) Lease commitments

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2009	2008	2009
Due within one year	**¥244**	¥312	**$2,484**
Due after one year	**437**	574	**4,449**
Total	**¥681**	¥886	**$6,933**

Lease commitments as lessee are calculated using the inclusive-of-interest method.

(3) Lease payments and depreciation equivalents

Year ended March 31,	Millions of yen 2009	2008	2007	Thousands of U.S. dollars (Note 1) 2009
Lease payments	**¥335**	¥358	¥387	**$3,410**
Depreciation equivalents	**335**	358	387	**3,410**

(4) Calculation method of depreciation equivalents

Depreciation equivalents are computed by the straight-line method over the lease period without considering residual value.

(b) OPERATING LEASE TRANSACTIONS

Lease commitments under non-cancelable operating leases:

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Due within one year	**¥ 414**	¥1	**$ 4,214**
Due after one year	**1,103**	1	**11,229**
Total	**¥1,517**	¥2	**$15,443**

B. LESSOR LEASES

(a) FINANCE LEASE TRANSACTIONS WITHOUT OWNERSHIP TRANSFER TO LESSEE, WHOSE TRANSACTION DATE WAS AFTER APRIL 1, 2008.

(1) Details of Investment in Leased assets

(i) Current Assets

March 31,	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2009
Lease payment receivable	**¥36**	**$366**
Estimated residual value	**—**	**—**
Interest Income	**—**	**—**
Total	**¥36**	**$366**

(2) As at March 31, 2009, the investment in leased assets due in each of the next five years was as follows:

(i) Current Assets

Year ending March 31,	Amount Millions of yen	Thousands of U.S. dollars (Note 1)
2010	¥ 7	$ 71
2011	8	81
2012	8	81
2013	8	81
2014	5	52
Total	¥36	$366

(b) FINANCE LEASE TRANSACTIONS WITHOUT OWNERSHIP TRANSFER TO LESSEE, WHOSE TRANSACTION DATE WAS BEFORE MARCH 31, 2008.

As discussed in Note 1 (k), finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2009 and 2008 are as follows:

(1) Purchase price, accumulated depreciation and book value

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Machinery and equipment and others:			
Purchase price	**¥ 187**	¥ 350	**$ 1,904**
Accumulated depreciation	**(131)**	(214)	**(1,334)**
Book value	**¥ 56**	¥ 136	**$ 570**

(2) Lease commitments

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Due within one year	**¥32**	¥ 72	**$326**
Due after one year	**29**	77	**295**
Total	**¥61**	¥149	**$621**

Lease commitments as lessor were calculated using the inclusive-of-interest method.

(3) Rental income and depreciation

Year ended March 31,	Millions of yen 2009	2008	2007	Thousands of U.S. dollars (Note 1) 2009
Rental income	**¥87**	¥99	¥146	**$886**
Depreciation	**79**	91	136	**804**

NOTE 6 — EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The liabilities for employees' severance and retirement benefits included in retirement and severance benefits in the liability section of the consolidated balance sheets as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2009**	2008	**2009**
Projected benefit obligation	**¥ 47,651**	¥ 48,795	**$ 485,096**
Less fair value of pension assets	**(25,363)**	(28,213)	**(258,200)**
Unfunded projected benefit obligation	**22,288**	20,582	**226,896**
Less unrecognized net transition obligation	**(38)**	(150)	**(386)**
Unrecognized actuarial differences	**(8,462)**	(6,930)	**(86,145)**
Unrecognized prior service costs	**1,934**	2,197	**19,688**
Net liability for employees' severance and retirement benefits	**15,722**	15,699	**160,053**
Subtotal	**15,722**	15,699	**160,053**
Allowance for officers' lump-sum severance benefits	**504**	515	**5,131**
Retirement and severance benefits	**¥ 16,226**	¥ 16,214	**$ 165,184**

Included in the consolidated statements of income for the years ended March 31, 2009 and 2008, were severance and retirement benefit expenses comprising the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2009**	2008	**2009**
Service costs — benefits earned during the year	**¥1,910**	¥1,746	**$19,444**
Interest cost on projected benefit obligation	**739**	739	**7,523**
Expected return on plan assets	**(428)**	(447)	**(4,357)**
Amortization of net transition obligation	**25**	21	**254**
Amortization of actuarial differences	**1,315**	958	**13,387**
Amortization of prior service costs	**(262)**	(262)	**(2,667)**
Contribution for Defined Contribution Pension Plan	**109**	—	**1,110**
Severance and retirement benefit expenses	**¥3,408**	¥2,755	**$34,694**

The discount rate used by the Company and its domestic consolidated subsidiaries was 1.5%–2.0% at March 31, 2009 and 2008. However, some overseas consolidated subsidiaries used the rate of 8.0% at March 31, 2009. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries was 1.5%–2.0% for March 31, 2009 and 2008. However, some consolidated subsidiaries used the rate of 8.0% at March 31, 2009. Actuarial differences are recognized in consolidated statements of income using the declining-balance method over 12 years to 16 years and over 12 years and 15 years for the years ended March 31, 2009 and 2008, respectively, beginning the following fiscal year of recognition. Prior service costs are recognized using the straight line method over 12 years and 15 years for the years ended March 31, 2009 and 2008, respectively, from the fiscal year incurred. Net transition obligation is amortized over 15 years.

NOTE 7 — CONTINGENCIES

(1) It is a business practice in Japan for a company to guarantee the indebtedness of certain of its trading agents, suppliers, subcontractors and certain subsidiaries and affiliates. The aggregate amount of such guarantees were ¥5,367 million ($54,637 thousand) and ¥15,839 million at March 31, 2009 and 2008, respectively.

(2) The Company and one consolidated subsidiary have guaranteed employees' housing loans and others from banks in the amount of ¥16 million ($163 thousand) and ¥24 million at March 31, 2009 and 2008, respectively.

NOTE 8 — NET ASSETS

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

At the annual shareholders' meeting of the Company held on June 26, 2009, the shareholders approved cash dividends amounting to ¥7,584 million ($77,207 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2009. Such appropriations are recognized in the period in which they are approved by the shareholders.

NOTE 9 — NET SALES

Net sales recognized on the percentage-of-completion method for the years ended March 31, 2009, 2008 and 2007, were ¥270,696 million ($2,755,737 thousand), ¥396,618 million, and ¥465,956 million, respectively.

NOTE 10 — INFORMATION ON SECURITIES

A. The following tables summarize acquisition costs and book values stated at the fair value of securities with available fair values as of March 31, 2009 and 2008.

(a) AVAILABLE-FOR-SALE SECURITIES WITH AVAILABLE FAIR VALUES:

(1) Securities with book values exceeding acquisition costs:

			Millions of yen
March 31, 2009	Acquisition cost	Book value	Difference
Equity securities	**¥7,400**	**¥11,948**	**¥4,548**

			Millions of yen
March 31, 2008	Acquisition cost	Book value	Difference
Equity securities	¥10,139	¥23,303	¥13,164

	Thousands of U.S. dollars (Note 1)		
March 31, 2009	Acquisition cost	Book value	Difference
Equity securities	**$75,333**	**$121,633**	**$46,300**

(2) Securities with book values not exceeding acquisition costs:

			Millions of yen
March 31, 2009	Acquisition cost	Book value	Difference
Equity securities	**¥4,092**	**¥3,434**	**¥(658)**

			Millions of yen
March 31, 2008	Acquisition cost	Book value	Difference
Equity securities	¥2,158	¥1,622	¥(536)

	Thousands of U.S. dollars (Note 1)		
March 31, 2009	Acquisition cost	Book value	Difference
Equity securities	**$41,657**	**$34,959**	**$(6,698)**

B. The following tables summarize book values of securities with no available fair values or securities not valued by fair market prices as of March 31, 2009 and 2008.

(a) AVAILABLE-FOR-SALE SECURITIES:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2009**	2008	**2009**
Non-listed equity securities	**¥ 8,492**	¥ 3,165	**$ 86,450**
Subscription certificate	**38**	938	**387**
Bonds	**5**	5	**51**
Negotiable certificate of deposit	**56,500**	71,000	**575,181**
Total	**¥65,035**	¥75,108	**$662,069**

(b) UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2009**	2008	**2009**
Securities of unconsolidated subsidiaries	**¥10,276**	¥ 8,423	**$104,612**
Securities of affiliates	**17,528**	10,240	**178,438**
Total	**¥27,804**	¥18,663	**$283,050**

C. Available-for-sale securities with maturities are as follows:

					Millions of yen
March 31, 2009	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	**¥56,500**	**¥—**	**¥—**	**¥—**	**¥56,500**

					Millions of yen
March 31, 2008	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	¥71,000	¥—	¥—	¥—	¥71,000

			Thousands of U.S. dollars (Note 1)		
March 31, 2009	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	**$575,181**	**$—**	**$—**	**$—**	**$575,181**

The Company follows a policy of devaluation of available-for-sale securities. The policy of devaluation for the Company and its domestic consolidated subsidiaries is that if the available fair value of the securities declines by 50% or more, compared with acquisition cost, all the corresponding securities are devalued as such decline considered to be substantial and non-recoverable decline in value. In addition, in the case whereby the available fair value of the securities declines by more than 30% but by less than 50%, the Company and its domestic consolidated subsidiaries examine the recoverability of the fair value of the securities and devaluate if those securities are considered to be non-recoverable.

NOTE 11 — DERIVATIVE TRANSACTIONS AND HEDGE ACCOUNTING

As explained in Note 1 (t), the accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

The Company utilizes foreign currency forward contracts and interest rate swap contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates with respect to foreign currency receivables and payables and mitigating future risks of interest rate increases and lowering the financing costs with respect to borrowings.

Foreign currency forward contracts and interest rate swap contracts are subject to risks of foreign exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed in accordance with the established policies and within the specified limit on the amounts of derivative transactions allowed.

The following summarizes hedging derivative financial instruments used by the Company and hedged items:

Hedging instruments:	Hedged items:
Foreign currency forward contracts	Foreign currency trade receivables, payables and future transactions denominated in a foreign currency
Foreign currency deposit	Foreign currency trade receivables, payables and future transactions denominated in a foreign currency
Interest rate swap contracts	Interest on loans payable

The Company evaluates hedge effectiveness semi-annually by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments. However, where the principal conditions underlying the hedging instruments and the hedged assets or liabilities are similar, the evaluation of hedge effectiveness is not performed.

The Company's financial instrument counter-parties were all prime banks operating domestically in Japan, and the Company does not expect non-performance by the counter-parties.

Fair value of derivative transactions as of March 31, 2009 and 2008 were summarized as follows:

Millions of yen

	Contract amounts in yen equivalent				
March 31, 2009	Due within one year	Due after one year	Total	Fair value	Difference
Forward exchange contracts					
Sell U.S. dollars	**¥6,864**	**¥—**	**¥6,864**	**¥6,865**	**¥(1)**
Buy U.S. dollars	**¥ 197**	**¥—**	**¥ 197**	**¥ 194**	**¥(3)**

Millions of yen

	Contract amounts in yen equivalent				
March 31, 2008	Due within one year	Due after one year	Total	Fair value	Difference
Forward exchange contracts					
Sell U.S. dollars	¥9,967	¥—	¥9,967	¥9,954	¥13

Thousands of U.S. dollars (Note 1)

	Contract amounts in U.S. dollars equivalent				
March 31, 2009	Due within one year	Due after one year	Total	Fair value	Difference
Forward exchange contracts					
Sell U.S. dollars	**$69,877**	**$—**	**$69,877**	**$69,877**	**$(10)**
Buy U.S. dollars	**$ 2,005**	**$—**	**$ 2,005**	**$ 1,975**	**$(30)**

Fair value of forward exchange contracts is stated based on the quoted market price.

Derivative transactions with hedge accounting applied are excluded in the above table.

NOTE 12 — SEGMENT INFORMATION

(A) INFORMATION BY BUSINESS SEGMENT

The operations of the Company and its consolidated subsidiaries are classified into two reportable segments: the total engineering business and the catalysts and fine products business.

Major activities included in the total engineering business are design, procurement, construction and performance test services of machinery and plants for petroleum, petroleum refining, petrochemicals, gas, chemicals, nuclear energy, metal refining, biochemical, food, pharmaceuticals, medical, logistics, information technology, environment conservation and pollution control. Major activities in the catalysts and fine products business include manufacturing and distribution of chemical and catalyst products (FCC catalysts, hydrotreating catalysts, deNOx catalysts, petrochemical catalysts, etc), and new functional material products (colloidal silica, coating materials for surface treatment on cathode ray tubes, material for semiconductors, cathode materials and cosmetic products, etc.).

From the year ended March 31, 2008, we have changed the segment name of "Chemical and catalyst" business to the "Catalysts and fine products" business. There is no substantial change in the nature of the business, but the renaming reflects more closely the actual realities of the activities involved.

The following is information by business segment for the years ended March 31, 2009, 2008 and 2007:

Year ended March 31, 2009	Total engineering	Catalysts and fine products	Total	Elimination or corporate	Consolidated
					Millions of yen
Net sales:					
External customers	**¥411,642**	**¥39,270**	**¥450,912**	**¥ —**	**¥450,912**
Inter-segment	**25**	**66**	**91**	**(91)**	**—**
Total	**411,667**	**39,336**	**451,003**	**(91)**	**450,912**
Operating expenses	**360,979**	**38,044**	**399,023**	**(114)**	**398,909**
Operating income	**¥ 50,688**	**¥ 1,292**	**¥ 51,980**	**¥ 23**	**¥ 52,003**
Identifiable assets	**¥446,976**	**¥39,064**	**¥486,040**	**¥(5,761)**	**¥480,279**
Depreciation and amortization	**¥ 3,625**	**¥ 3,354**	**¥ 6,979**	**¥ (0)**	**¥ 6,979**
Capital expenditures	**¥ 2,544**	**¥ 2,359**	**¥ 4,903**	**¥ —**	**¥ 4,903**

Year ended March 31, 2008	Total engineering	Catalysts and fine products	Total	Elimination or corporate	Consolidated
					Millions of yen
Net sales:					
External customers	¥508,717	¥42,345	¥551,062	¥ —	¥551,062
Inter-segment	32	6	38	(38)	—
Total	508,749	42,351	551,100	(38)	551,062
Operating expenses	469,332	36,896	506,228	(62)	506,166
Operating income	¥ 39,417	¥ 5,455	¥ 44,872	¥ 24	¥ 44,896
Identifiable assets	¥429,567	¥40,188	¥469,755	¥(2,982)	¥466,773
Depreciation and amortization	¥ 3,706	¥ 2,375	¥ 6,081	¥ (0)	¥ 6,081
Capital expenditures	¥ 2,560	¥ 6,029	¥ 8,589	¥ —	¥ 8,589

Year ended March 31, 2007	Total engineering	Catalysts and fine products	Total	Elimination or corporate	Consolidated
					Millions of yen
Net sales:					
External customers	¥573,463	¥35,067	¥608,530	¥ —	¥608,530
Inter-segment	36	29	65	(65)	—
Total	573,499	35,096	608,595	(65)	608,530
Operating expenses	552,809	29,400	582,209	(92)	582,117
Operating income	¥ 20,690	¥ 5,696	¥ 26,386	¥ 27	¥ 26,413
Identifiable assets	¥434,138	¥37,507	¥471,645	¥(1,359)	¥470,286
Depreciation and amortization	¥ 3,650	¥ 1,744	¥ 5,394	¥ (0)	¥ 5,394
Capital expenditures	¥ 2,811	¥ 2,493	¥ 5,304	¥ —	¥ 5,304

Year ended March 31, 2009	Total engineering	Catalysts and fine products	Total	Elimination or corporate	Consolidated
					Thousands of U.S. dollars (Note 1)
Net sales:					
External customers	**$4,190,594**	**$399,776**	**$4,590,370**	**$ —**	**$4,590,370**
Inter-segment	**254**	**672**	**926**	**(926)**	**—**
Total	**4,190,848**	**400,448**	**4,591,296**	**(926)**	**4,590,370**
Operating expenses	**3,674,835**	**387,295**	**4,062,130**	**(1,160)**	**4,060,970**
Operating income	**$ 516,013**	**$ 13,153**	**$ 529,166**	**$ 234**	**$ 529,400**
Identifiable assets	**$4,550,300**	**$397,679**	**$4,947,979**	**$(58,648)**	**$4,889,331**
Depreciation and amortization	**$ 36,903**	**$ 34,145**	**$ 71,048**	**$ (0)**	**$ 71,048**
Capital expenditures	**$ 25,898**	**$ 24,015**	**$ 49,913**	**$ —**	**$ 49,913**

(B) INFORMATION BY GEOGRAPHIC SEGMENT

Geographic segment information is not disclosed, as the Company and its consolidated subsidiaries operate mainly within Japan.

(C) OVERSEAS SALES

The following is overseas sales information by geographic area for the years ended March 31, 2009, 2008 and 2007:

Year ended March 31,	**2009**	2008	2007	**2009**
			Millions of yen	Thousands of U.S. dollars (Note 1)
East Asia	**¥ 4,182**	¥ 6,537	¥ 9,124	**$ 42,573**
Southeast Asia	**65,102**	94,170	78,123	**662,751**
Middle East	**175,872**	213,437	322,539	**1,790,410**
Africa	**7,069**	21,494	32,695	**71,964**
Other	**5,137**	7,821	5,764	**52,296**
Total overseas sales	**¥257,362**	¥343,459	¥448,245	**$2,619,994**
Consolidated sales	**¥450,912**	¥551,062	¥608,530	**$4,590,370**
Percentage of overseas sales over consolidated sales	**57.1%**	62.3%	73.7%	**57.1%**

Major countries and areas included in each geographic area are as follows:

East Asia:	China
Southeast Asia:	Vietnam, Singapore, Indonesia
Middle East:	Saudi Arabia, Qatar, Yemen
Africa:	Algeria, Nigeria
Other:	the United States, Australia

NOTE 13 — TAXES ON INCOME

The statutory tax rates for 2009, 2008 and 2007 were 36.2%.

The following table summarizes the significant differences between the statutory tax rate and the Company's and its consolidated subsidiaries' effective tax rate for financial statement purposes for the years ended March 31, 2009, 2008 and 2007:

	2009	2008	2007
Statutory tax rate	**36.2%**	36.2%	36.2%
Non-deductible expenses	**0.6**	0.3	0.7
Non-taxable dividend income	**(1.8)**	(0.7)	(0.6)
Tax credit utilized	**(1.1)**	(2.1)	(1.9)
Differences in tax rate applied to certain subsidiaries	**0.4**	1.2	1.2
Other	**2.0**	1.1	0.9
Effective tax rate	**36.3%**	36.0%	36.5%

Significant components of the Company and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2009 and 2008, were as follows:

March 31,	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current deferred taxes			
Deferred tax assets:			
Excess accrued employees' bonuses	¥ 2,601	¥ 2,540	$ 26,479
Excess reserve for losses on contracts	667	950	6,790
Other	11,720	7,151	119,312
Total current deferred tax assets	14,988	10,641	152,581
Deferred tax liabilities:			
Retained earnings of foreign subsidiaries	(195)	(1,286)	(1,985)
Other	(1,059)	(219)	(10,781)
Total current deferred tax liabilities	(1,254)	(1,505)	(12,766)
Net current deferred tax assets	¥13,734	¥ 9,136	$139,815
Deferred tax liabilities:			
Other	—	36	—
Total current deferred tax liabilities	¥ —	¥ 36	$ —

For the year ended March 31, 2009 there was no valuation allowance and for the year ended March 31, 2008, the valuation allowances of ¥192 million have been deducted from the gross amount of the current deferred tax assets.

March 31,	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Non-current deferred taxes			
Deferred tax assets:			
Loss recognized on percentage-of-completion method not deductible for income tax purposes	¥ 196	¥ 196	$ 1,995
Employee's Retirement and Severance benefits	5,711	5,820	58,139
Excess bad debt expenses	5,595	3,293	56,958
Other	1,290	1,602	13,133
Total non-current deferred tax assets	12,792	10,911	130,225
Deferred tax liabilities:			
Net unrealized gains on securities	(1,409)	(4,573)	(14,344)
Other	(142)	(150)	(1,445)
Total non-current deferred tax liabilities	(1,551)	(4,723)	(15,789)
Net non-current deferred tax assets	¥11,241	¥ 6,188	$114,436

For the years ended March 31, 2009 and 2008, the valuation allowances of ¥701 million ($7,136 thousand) and ¥ 924 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

March 31,	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Deferred tax liabilities for land revaluation	¥3,783	¥3,783	$38,512
Deferred tax liabilities for full revaluation of the consolidated subsidiary	¥ 61	¥66	$ 621
Other	17	—	173
Non-current deferred tax liabilities	¥ 78	¥66	$ 794

NOTE 14 — NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of cash in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows is as follows:

March 31,	Millions of yen 2009	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 1) 2009
Cash and deposits	¥117,782	¥ 93,617	¥100,811	$1,199,043
Marketable securities	56,500	71,000	58,600	575,181
Cash and cash equivalents	¥174,282	¥164,617	¥159,411	$1,774,224

NOTE 15 — LAND REVALUATION

Pursuant to Article 2 of the Enforcement Ordinance for the Law Concerning Land Revaluation (the "Law") effective March 31, 1998, the Company recorded its owned land used for business at the fair value as of March 31, 2002, and the related revaluation difference, net of income taxes, was debited to "Land revaluation, net of deferred tax portion" in the net assets section. The applicable income tax portion was reported as "Deferred tax liabilities for land revaluation" in the consolidated balance sheets at March 31, 2009 and 2008. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of the revalued land as of March 31, 2009 was ¥4,706 million ($47,908 thousand) less than the book value as of March 31, 2009.

NOTE 16 — RELATED PARTY TRANSACTIONS

Significant transactions with related party for the years ended March 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
Year ended March 31,	**2009**	2008	2007	**2009**
Rabigh Arabian Water and Electricity Co., Ltd. (affiliated company) — guarantee obligation	**¥2,793**	¥8,289	¥9,903	**$28,433**
JGC Energy Development (USA), Inc. (non consolidated subsidiary company) —unsecured long-term loan	**¥2,882**	¥4,730	¥ 297	**$29,339**

The balances of the Company due to related party as of March 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
March 31,	**2009**	2008	2007	**2009**
JGC Energy Development (USA), Inc (non consolidated subsidiary company) —unsecured long-term loan receivable	**¥7,171**	¥4,358	¥295	**$73,002**

The Company doesn't receive a guarantee charge from Rabigh Arabian Water and Electricity Co., Ltd.

The interest rate for the long-term loan receivable was reasonably determined, considering the market interest rate. No pledged assets were furnished.

NOTE 17 —BUSINESS COMBINATIONS

Transactions under common control during the year ended March 31, 2009:

(A) OUTLINE OF THE TRANSACTIONS

(1) Name and business of combined entity

Merging company: Catalysts and Chemicals Industries Co., Ltd. ("CCIC"), Production and sales of catalysts

Merged company: Nikki Chemical Co., Ltd. ("NCC"), Production and sales of catalysts

(2) Form of business combinations

Transactions under common control (Merger with companies which produce and sell catalysts)

(3) Name of the entity after the reorganization

JGC Catalysts and Chemicals Ltd.

(4) Outline and purpose of the transaction

CCIC, a consolidated subsidiary of the Company merged with NCC, a consolidated subsidiary of the Company as on July 1, 2008. The purpose of this merger was to reinforce the following:

[1] Fusion of proprietary techniques and R&D facilities, and accelerating R&D through qualitative and substantive expansion;

[2] Expansion of production capability by means of a two-factory system and a reduction in production risks; and

[3] Expanding the scope of business and stabilization of management base fulfillment by focusing on three main operations (petroleum refining catalysts, chemical catalysts, and fine chemicals products).

(B) ACCOUNTING METHOD

These transactions were accounted for as a business combination among entities under common control.

(C) AMOUNTS OF ASSETS AND LIABILITIES RECEIVED AND INCURRED ON THE DATE OF BUSINESS COMBINATION

Total assets	¥7,614 million
Total liabilities	¥4,216 million

NOTE 18 — SUBSEQUENT EVENTS

The Company's wholly owned subsidiary, JGC Information System Co., Ltd., merged its wholly owned subsidiary, J-SYS Software Co., Ltd. on April 1, 2009 and surviving company name is JGC Information Systems Co., Ltd.

INTERNAL CONTROL REPORT

1 FRAMEWORK OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Keisuke Takeuchi, Chief Executive Officer, Masahiko Yaegashi, Chief Operating Officer, and Hiroyoshi Suga, Chief Financial Officer of JGC Corporation ("the Company") are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in the rule "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting").

Because of its inherent limitations, internal control over financial reporting may not completely prevent or detect misstatements.

2 ASSESSMENT SCOPE, TIMING AND PROCEDURES

BASIS OF PRESENTING INTERNAL CONTROL REPORT

The report on internal control over financial reporting of the consolidated financial statements of the Company ("Internal Control Report") is prepared on the basis of generally accepted assessment standards of internal control over financial reporting in Japan ("Assessment Standards") and is compiled from the Internal Control Report prepared by the Company as required by the Financial Instruments and Exchange Law of Japan ("Law").

The Assessment Standards require management to assess the internal control over financial reporting ("ICOFR"), which consists of the internal control over the consolidated/parent only financial statements included in the Annual Securities Report filed under the Law and the internal control over disclosure information and others included in the Annual Securities Report that materially affects the reliability of the financial statements.

The scope of management's assessment of ICOFR in this annual report is different from the scope required by the Assessment Standards. Management assessment of ICOFR for this annual report covers the ICOFR with respect to the accompanying consolidated financial statements only. In addition, as explained in Note 1 on the basis of presenting consolidated financial statements, the accompanying consolidated financial statements are reclassified and modified from the consolidated financial statements prepared for the purpose of the Law. Supplementary information is also added to the consolidated financial statements. The process of making reclassifications and modifications and the addition of certain information is for the convenience of readers outside Japan. Management voluntarily includes the process in its assessment of ICOFR, even though it is outside the scope of the Assessment Standards.

SCOPE OF ASSESSMENT

We have assessed our ICOFR as of March 31, 2009 in accordance with the Assessment Standards.

We assessed the design and operation of our company-level control and based on this assessment, we analyzed business processes within the scope of the internal controls to be assessed, identified a key control that would have a material impact on the reliability of financial reporting and assessed whether the basic components of internal control are operating with regard to the key control.

We assessed the effectiveness of ICOFR of the Company, consolidated subsidiaries and affiliates to the extent necessary in light of their degree of impact on the reliability of financial reporting.

In assessing the effectiveness of internal controls, we decided on reasonable scope of assessment for the important business process in light of their degree of quantitative and qualitative impact on financial reporting based on the assessment of the company-level controls.

Locations and business units that did not have a material effect on financial reporting were excluded from the scope of assessments.

In assessing the period-end financial reporting process, we decided on reasonable scope of assessment in light of their degree of quantitative and qualitative impact on financial reporting in a similar manner as company-level controls.

In assessing the business processes other than described above, based on the assessment of the company-level controls, we assessed the significant business locations based on the their sales levels until their combined sales amounts reaches approximately two thirds on a consolidated basis and the business processes which impact the accounts (sales, accounts receivable and inventory) that were closely associated with the significant business locations' business objectives.

3 RESULTS OF ASSESSMENT

Based on the above assessments, the Company's management has concluded that, as of March 31 2009, the Company's internal control over financial reporting was effective.

4 SUPPLEMENTARY INFORMATION

Not applicable.

5 OTHER

Not applicable.

Keisuke Takeuchi
Chairman of the Board of Directors
and Chief Executive Officer

June 26, 2009

To the Shareholders and Board of Directors of
JGC Corporation (Nikki Kabushiki Kaisha):

Financial statement audit

We have audited the accompanying consolidated balance sheets of JGC Corporation (a Japanese corporation) and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets and cash flows for each of the three years in the period ended March 31, 2009, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JGC Corporation and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Internal control audit

We also have audited the accompanying report on internal control over financial reporting of the consolidated financial statements of JGC Corporation as of March 31, 2009 ("Internal Control Report"). The design and operation of internal control over financial reporting and the preparation of the Internal Control Report are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the Internal Control Report based on our audit. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Internal Control Report is free of material misstatement. An internal control audit is performed on a test basis and includes evaluating the appropriateness of the scope, procedures and result of the assessment determined and presented by management and the overall Internal Control Report presentation. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Internal Control Report referred to above, in which JGC Corporation states that internal control over financial reporting of the consolidated financial statements was effective as of March 31, 2009, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

KPMG AZSA & Co.

Tokyo, Japan
June 26, 2009

SIX-YEAR SUMMARY—NON-CONSOLIDATED

For the six years ended March 31.
Yen amounts are in millions except per share data.

	2009	2008	2007	2006	2005	2004
Net Sales	**¥349,925**	¥460,161	¥528,794	¥484,382	¥386,041	¥367,741
Operating Income	**41,356**	30,550	14,432	12,221	7,748	11,171
Income Before Taxes on Income	**44,578**	32,832	21,538	16,652	12,787	12,934
Net Income	**30,214**	21,312	15,183	11,412	8,690	8,265
Total Current Assets	**276,325**	270,646	278,627	191,149	201,338	207,037
Total Current Liabilities	**184,205**	194,470	216,473	158,011	161,881	147,385
Working Capital	**92,120**	76,176	62,154	33,138	39,457	59,652
Current Ratio	**150.0%**	139.2%	128.7%	121.0%	124.4%	140.5%
Net Property and Equipment	**49,414**	51,115	53,081	53,745	54,897	56,355
Total Assets	**412,893**	404,424	418,285	333,545	332,727	319,109
Long-term Debt, Less Current Maturities	**16,757**	15,519	16,382	176	15,227	15,277
Total Net Assets	**192,655**	174,795	165,191	155,636	136,660	134,860
New Contracts	**440,548**	348,755	255,015	765,188	439,355	477,955
Outstanding Contracts	**698,002**	607,378	728,168	1,009,515	714,214	652,247
Net Income per Share (in yen)	**119.50**	84.01	59.81	44.49	33.82	31.98
Cash Dividends per Share (in yen)	**30.0**	21.0	15.0	11.0	8.5	8.0
Number of Employees	**2,069**	2,014	1,953	1,868	1,804	1,719

NON-CONSOLIDATED BALANCE SHEETS

JGC CORPORATION
March 31, 2009 and 2008

Assets	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current Assets:			
Cash and deposits	**¥106,889**	¥ 81,876	**$1,088,150**
Marketable securities	**56,500**	71,000	**575,181**
Notes and accounts receivable (Note 2)	**46,398**	40,882	**472,340**
Contract works in progress	**39,182**	57,255	**398,880**
Deferred tax assets (Note 8)	**12,363**	7,773	**125,858**
Other current assets (Note 2)	**15,041**	12,449	**153,121**
Allowance for doubtful accounts	**(48)**	(589)	**(489)**
Total Current Assets	**276,325**	270,646	**2,813,041**
Property and Equipment (Note 3)**:**			
Land (Note 9)	**22,493**	22,493	**228,983**
Buildings and structures	**45,780**	46,547	**466,049**
Machinery and equipment	**7,708**	8,562	**78,469**
Construction in progress	**693**	31	**7,055**
	76,674	77,633	**780,556**
Less accumulated depreciation	**(27,260)**	(26,518)	**(277,512)**
Net Property and Equipment	**49,414**	51,115	**503,044**
Other Assets:			
Investments in subsidiaries and affiliates	**33,638**	31,222	**342,441**
Marketable and investment securities	**23,797**	28,872	**242,258**
Long-term loans receivable (Note 2)	**16,628**	14,719	**169,276**
Deferred tax assets (Note 8)	**9,300**	4,263	**94,676**
Other	**3,791**	3,587	**38,593**
Total Other Assets	**87,154**	82,663	**887,244**
Total Assets	**¥412,893**	¥404,424	**$4,203,329**

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current Liabilities:			
Short-term loans (Notes 2 & 3)	**¥ 10,976**	¥ 16,537	**$ 111,738**
Notes and accounts payable (Note 2)	**66,289**	55,082	**674,835**
Advances received on uncompleted contracts (Note 2)	**79,293**	109,102	**807,218**
Reserve for job warranty costs	**360**	616	**3,665**
Reserve for losses on contracts	**1,770**	2,497	**18,019**
Income taxes payable	**13,339**	5,413	**135,794**
Other current liabilities (Note 2)	**12,178**	5,223	**123,973**
Total Current Liabilities	**184,205**	194,470	**1,875,242**
Long-Term Debt, Less Current Maturities (Note 3)	**16,757**	15,519	**170,589**
Retirement and Severance Benefits	**11,510**	11,722	**117,174**
Deferred Tax Liabilities for Land Revaluation (Notes 8 & 9)	**3,783**	3,783	**38,512**
Other Non-Current Liabilities (Note 2)	**3,983**	4,135	**40,548**
Total Liabilities	**220,238**	229,629	**2,242,065**
Contingencies (Note 5)			
Net Assets (Note 6)**:**			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2009 and 2008	**23,511**	23,511	**239,346**
Capital surplus	**25,599**	25,593	**260,603**
Legal earnings reserve	**2,693**	2,693	**27,415**
Retained earnings	**151,784**	126,880	**1,545,190**
Treasury stock, at cost	**(5,790)**	(5,651)	**(58,943)**
Net unrealized holding gains on securities	**2,475**	8,028	**25,195**
Deferred gains (losses) on hedges	**(1,027)**	331	**(10,455)**
Land revaluation, net of deferred tax portion (Note 9)	**(6,590)**	(6,590)	**(67,087)**
Total Net Assets	**192,655**	174,795	**1,961,264**
Total Liabilities and Net Assets	**¥412,893**	¥404,424	**$4,203,329**

NON-CONSOLIDATED STATEMENTS OF INCOME

JGC CORPORATION
Years ended March 31, 2009, 2008 and 2007

			Millions of yen	Thousands of U.S. dollars (Note 1)
	2009	2008	2007	**2009**
Net Sales (Note 7)	**¥349,925**	¥460,161	¥528,794	**$3,562,303**
Cost of Sales	**298,305**	420,019	505,273	**3,036,802**
Gross profit	**51,620**	40,142	23,521	**525,501**
Selling, General and Administrative Expenses	**10,264**	9,592	9,089	**104,489**
Operating income	**41,356**	30,550	14,432	**421,012**
Other Income (Expenses):				
Interest and dividend income	**12,030**	11,701	9,651	**122,468**
Interest expense	**(725)**	(604)	(344)	**(7,381)**
Loss on sales and disposal of property and equipment	**(31)**	(22)	(32)	**(316)**
Gain on sales of marketable and investment securities	**2,577**	161	—	**26,234**
Loss on devaluation of marketable and investment securities	**(2,143)**	(24)	(26)	**(21,816)**
Exchange (loss), net	**(2,196)**	(7,963)	(15)	**(22,356)**
Loss on withdrawal from certain business	**—**	—	(920)	**—**
Provision for doubtful accounts	**(6,638)**	(1,477)	(1,790)	**(67,576)**
Other, net	**348**	510	582	**3,543**
	3,222	2,282	7,106	**32,800**
Income before taxes on income	**44,578**	32,832	21,538	**453,812**
Taxes on Income (Note 8)**:**				
Current	**20,071**	11,997	7,117	**204,326**
Deferred	**(5,707)**	(477)	(762)	**(58,098)**
Net Income	**¥ 30,214**	¥ 21,312	¥ 15,183	**$ 307,584**

			Yen	U.S. dollars (Note 1)
Amounts Per Share of Common Stock				
Net income	**¥119.50**	¥84.01	¥59.81	**$1.22**
Cash dividends applicable to the year	**¥ 30.00**	¥21.00	¥15.00	**$0.31**

The accompanying notes are an integral part of these statements.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JGC CORPORATION
Years ended March 31, 2008, 2007 and 2006

	Thousands of shares	Millions of yen							
	Common stock								
	Shares	Amount	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges (Note 1)	Land revaluation, net of deferred tax portion (Note 9)
Balance at March 31, 2006	259,053	¥23,511	¥25,582	¥2,693	¥ 97,090	¥(3,997)	¥17,339	¥ —	¥(6,582)
Net income for the year					15,183				
Cash dividends					(2,793)				
Bonuses to directors and corporate statutory auditors					(113)				
Land revaluation, net of deferred tax portion					8				(8)
Gain on retirement of treasury stock			4			2			
Net unrealized holding losses on securities							(2,572)		
Increase of treasury stock						(156)			
Balance at March 31, 2007	259,053	¥23,511	¥25,586	¥2,693	¥109,375	¥(4,151)	¥14,767	¥ —	¥(6,590)
Net income for the year					21,312				
Cash dividends					(3,807)				
Land revaluation, net of deferred tax portion									
Gain on retirement of treasury stock			7			6			
Net unrealized holding losses on securities							(6,739)		
Net deferred gains on hedges								331	
Increase of treasury stock						(1,506)			
Balance at March 31, 2008	259,053	¥23,511	¥25,593	¥2,693	¥126,880	¥(5,651)	¥ 8,028	¥ 331	¥(6,590)
Net income for the year					**30,214**				
Cash dividends					**(5,310)**				
Land revaluation, net of deferred tax portion					**0**				**(0)**
Gain on retirement of treasury stock			**6**			**15**			
Net unrealized holding losses on securities							**(5,553)**		
Net deferred losses on hedges								**(1,358)**	
Increase of treasury stock						**(154)**			
Balance at March 31, 2009	**259,053**	**¥23,511**	**¥25,599**	**¥2,693**	**¥151,784**	**¥(5,790)**	**¥ 2,475**	**¥(1,027)**	**¥(6,590)**

	Thousands of U.S. dollars (Note1)							
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains on hedges	Land revaluation, net of deferred tax portion (Note 9)
Balance at March 31, 2008	$239,346	$260,542	$27,415	$1,291,663	$(57,528)	$ 81,726	$ 3,370	$(67,087)
Net income for the year				**307,584**				
Cash dividends				**(54,057)**				
Land revaluation, net of deferred tax portion				**0**				**(0)**
Gain on retirement of treasury stock		**61**			**153**			
Net unrealized holding losses on securities						**(56,531)**		
Net deferred losses on hedges							**(13,825)**	
Increase of treasury stock					**(1,568)**			
Balance at March 31, 2009	**$239,346**	**$260,603**	**$27,415**	**$1,545,190**	**$(58,943)**	**$ 25,195**	**$(10,455)**	**$(67,087)**

The accompanying notes are an integral part of these statements.

NOTE 1 — SUMMARY OF ACCOUNTING POLICIES

(A) BASIS OF PRESENTING NON-CONSOLIDATED FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements of JGC Corporation (Nikki Kabushiki Kaisha, the "Company") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying non-consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the non-consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language non-consolidated financial statements, but not required for fair presentation, is not presented in the accompanying non-consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(B) CONVERSION OF FOREIGN CURRENCIES

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates.

(C) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Notes and accounts receivables, including loans and other receivables, are valued by providing individually estimated uncollectible amounts plus the amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts.

(D) MARKETABLE SECURITIES, INVESTMENTS IN SUBSIDIARIES AND AFFILIATES, AND MARKETABLE AND INVESTMENT SECURITIES

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using the moving-average method. Other securities with no available fair market value are stated at moving-average cost.

The companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes, (b) debt securities intended to be held to maturities, (c) equity securities issued by subsidiaries and affiliates, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Company did not have the securities defined as (a) and (b) above in the years ended March 31, 2009 and 2008.

If the market value of available-for-sale securities declines significantly, such securities are restated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of decline. For equity securities with no available fair market value, if the net asset value of the investee declines significantly, such securities are required to be written down to the net asset value with the corresponding losses in the period of decline. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(E) RECOGNITION OF SALES, CONTRACT WORKS IN PROGRESS AND ADVANCES RECEIVED ON UNCOMPLETED CONTRACTS

The Company recognizes sales on contracts using the completed-contract method. Under this method, costs and advances received on uncompleted contracts are accumulated during the period of construction. These costs and advances received on uncompleted contracts are not offset and are shown as contract works in progress and advances received on uncompleted contracts in the accompanying non-consolidated balance sheets. Accordingly, no profits or losses are recorded before the contract is completed.

Sales on other contracts for relatively large projects which require long periods for completion and which generally include engineering, procurement (components, parts, etc.) and construction on a full-turnkey basis, are recognized on the percentage-of-completion method, primarily based on contract costs incurred to date compared with total estimated costs for contract completion. The percentage-of-completion method is adopted for large jobs for which the construction period exceeds 24 months and the contract amount exceeds ¥5,000 million (including jobs whose construction period exceeds 36 months and the contract amount exceeds ¥3,000 million). Revisions in contract revenue and cost estimates are recognized in the period in which they are determined.

Contract works in progress are stated at cost determined by a specific identification method and comprised of direct materials, components and parts, direct labor, subcontractors' fees and other items directly attributable to the contract, and job-related overheads. Selling, general and administrative expenses are charged to operations as incurred and are not allocated to contract job work costs.

The Company normally receives payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

(F) OPERATING CYCLE

Assets and liabilities related to long-term contract jobs are included in current assets and current liabilities in the accompanying non-consolidated balance sheets, as they will be liquidated in the normal course of contract completion, although it may require more than one year.

(G) PROPERTY AND EQUIPMENT, DEPRECIATION AND FINANCE LEASES

Property and equipment are stated at cost, except for certain revalued land as explained in Note 9. Depreciation on property and equipment is calculated using the straight-line method for buildings used for business operation, and the declining-balance method for other property and equipment over the estimated useful lives of the assets based on the Corporate Tax Code of Japan.

Effective from the year ended March 31, 2008, the Company has changed their depreciation procedure based on an amendment in corporation tax law for the tangible assets acquired on and after April 1, 2007. The effect of this change on the financial result is immaterial.

Effective from the year ended March 31, 2008, the Company has changed their depreciation procedure, which book value became 5% of the acquired cost based on an amendment in corporation tax law for the tangible assets acquired before March 31, 2007. The tangible assets which book value became 5% of the acquired cost are amortized by straight line method over 5 years. The effect of this change on the financial result is immaterial.

Effective from the year ended March 31, 2009, the Company shortened the estimated useful lives of machinery and equipment based on the reassessment of the useful lives in light of the change in the Corporation Tax Code of Japan. The effect of this change on the financial result is immaterial.

Prior to the year ended March 31, 2009, the Company accounted for finance leases which do not transfer ownership of the leased property to the lessee as operating leases with disclosure of certain "as if capitalized" information in a note to the financial statements.

On March 31, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions". The new accounting standards require that all finance leasing transactions should be capitalized.

Effective from the year ended March 31, 2009, the Company adopted the new accounting standards for finance leases commencing after March 31, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of "as if capitalized" information.

The effect of this change on the financial result is immaterial.

Expenditures for new facilities and those that substantially increase the useful lives of existing property and equipment are capitalized. Maintenance, repair and minor renewals are charged to expenses as incurred.

The cost and accumulated depreciation applicable to assets retired or otherwise disposed of are eliminated from the related accounts and the gain or loss on disposal is credited or charged to income.

(H) IMPAIRMENT OF FIXED ASSETS

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(I) RETIREMENT AND SEVERANCE BENEFITS AND PENSION COSTS

The Company provides two types of post-employment benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The Company provided allowance for employees' severance and retirement benefits at March 31, 2009 and 2008, based on the estimated amounts of projected benefit obligation, actuarially calculated using certain assumptions, and the fair value of the plan assets at that date.

Prior service costs are recognized as expenses in equal amounts over the average of the estimated remaining service lives of the employees (12 years), and actuarial gains and losses are recognized as expenses using the declining-balance method over the average of the estimated remaining service lives (12 years) commencing in the following period.

(J) RESEARCH AND DEVELOPMENT COSTS

Research and development costs for the improvement of existing skills and technologies or the development of new skills and technologies, including basic research and fundamental development costs, are charged to operations in the period incurred.

(K) TAXES ON INCOME

The Company provides tax effects of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(L) RESERVE FOR JOB WARRANTY COSTS

A reserve for the estimated cost of warranty obligations is provided for the Company's engineering, procurement and construction work at the time the related sales on contracts are recorded.

(M) RESERVE FOR LOSSES ON CONTRACTS

A reserve for losses on contracts is provided for an estimated amount of probable losses to be incurred in future years in respect of construction projects in progress.

(N) PER SHARE INFORMATION

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date but applicable to the year then ended.

(O) DERIVATIVES AND HEDGE ACCOUNTING

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless the derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains of the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
   (i) The difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the statement of income in the period which includes the inception date, and
   (ii) The discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange are recognized.

Also, where interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(P) ACCRUED BONUSES TO DIRECTORS AND CORPORATE AUDITORS

The Company recognizes director's and corporate auditor's bonuses as expenses when incurred.

(Q) RECLASSIFICATION AND RESTATEMENT

Certain prior year amounts have been reclassified to conform to the current year presentation.

These reclassifications had no impact on previously reported results of operations or retained earnings.

NOTE 2 — RECEIVABLES FROM AND PAYABLES TO SUBSIDIARIES AND AFFILIATES

Significant receivables from and payables to subsidiaries and affiliates at March 31, 2009 and 2008, were as follows:

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Notes and accounts receivable	**¥ 534**	¥ 75	**$ 5,436**
Other current assets	**6,589**	3,478	**67,077**
Long-term loans receivable	**14,877**	5,957	**151,451**
Notes and accounts payable	**15,234**	14,716	**155,085**
Short-term loans	**10,976**	16,537	**111,738**
Advances received on uncompleted contracts	**1**	1	**10**
Other current liabilities	**446**	451	**4,540**
Other non-current liabilities	**12**	—	**122**

NOTE 3 — BORROWINGS AND ASSETS PLEDGED AS COLLATERAL

At March 31, 2009 and at March 31, 2008, short-term loans consisted of unsecured debt from subsidiaries and bore interest at TIBOR.

Long-term debt consisted of the following:

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Unsecured Debt			
1.21% – 2.91% loans from banks and insurance companies, due serially through 2014	**¥16,757**	¥15,519	**$170,589**
Less current maturities	**—**	—	**—**
Long-term debt due after one year	**¥16,757**	¥15,519	**$170,589**

Assets pledged as collateral for other non-current liabilities at March 31, 2009 and 2008, were as follows:

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Land	**¥4,280**	¥4,280	**$43,571**
Buildings and structures, at net book value	**2,560**	2,684	**26,061**
Machinery and equipment, at net book value	**9**	10	**92**
Total	**¥6,849**	¥6,974	**$69,724**

The annual maturities of long-term debt outstanding at March 31, 2009, were as follows:

Year ending March 31,	Amount Millions of yen	Thousands of U.S. dollars (Note 1)
2010	¥ —	$ —
2011	350	3,563
2012	14,442	147,022
2013	786	8,002
2014 and thereafter	1,179	12,002
Total	¥16,757	$170,589

NOTE 4 — LEASE TRANSACTIONS

(A) FINANCE LEASE TRANSACTIONS WITHOUT OWNERSHIP TRANSFER TO LESSEE

As discussed in Note 1 (g), finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2009 and 2008 are as follows:

(1) Purchase price equivalents, accumulated depreciation equivalents, and book value equivalents:

March 31,	Millions of yen 2009 Machinery and equipment	2008 Machinery and equipment
Purchase price equivalents	**¥219**	¥ 92
Accumulated depreciation equivalents	**(44)**	(14)
Book value equivalents	**¥175**	¥ 78

March 31,	Thousands of U.S. dollars (Note 1) 2009 Machinery and equipment
Purchase price equivalents	**$2,230**
Accumulated depreciation equivalents	**(448)**
Book value equivalents	**$1,782**

Purchase price equivalents are calculated using the inclusive-of-interest method.

(2) Lease commitments:

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Due within one year	¥ 36	¥22	$ 367
Due after one year	139	56	1,415
Total	¥175	¥78	$1,782

Lease commitments are calculated using the inclusive-of-interest method.

(3) Lease payments and depreciation equivalents

Year ended March 31,	Millions of yen 2009	2008	2007	Thousands of U.S. dollars (Note 1) 2009
Lease payments	¥33	¥25	¥14	$336
Depreciation equivalents	33	25	14	336

(4) Calculation method of depreciation equivalents

Depreciation equivalents are computed by the straight-line method over the lease period without considering residual value.

(B) OPERATING LEASE TRANSACTIONS

Lease commitments under non-cancelable operating leases:

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Due within one year	¥ 358	¥1	$ 3,645
Due after one year	903	1	9,192
Total	¥1,261	¥2	$12,837

NOTE 5 — CONTINGENCIES

(1) It is a business practice in Japan for a company to guarantee the indebtedness of certain of its trading agents, suppliers, subcontractors and certain subsidiaries and affiliates. The aggregate amount of such guarantees was ¥6,939 million ($70,640 thousand) and ¥15,839 million at March 31, 2009 and 2008, respectively.

(2) The Company has guaranteed employees' housing loans and others from banks in the amount of ¥15 million ($153 thousand) and ¥23 million at March 31, 2009 and 2008, respectively.

NOTE 6 — NET ASSETS

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

NOTE 7 — NET SALES

Net sales recognized on the percentage-of-completion method for the years ended March 31, 2009, 2008 and 2007, were ¥270,696 million ($2,755,737 thousand), ¥396,618 million, and ¥465,956 million, respectively.

NOTE 8 — TAXES ON INCOME

The statutory tax rates for 2009, 2008 and 2007, were 36.2%.

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the years ended March 31, 2009, 2008 and 2007:

	2009	2008	2007
Statutory tax rate	36.2%	36.2%	36.2%
Non-deductible expenses	0.6	0.5	0.7
Non-taxable dividend income	(6.0)	(4.4)	(6.1)
Tax credits utilized	(0.4)	(0.5)	(0.8)
Past year's income tax adjustment	1.0	2.1	(1.3)
Other	0.8	1.2	0.8
Effective tax rate	32.2%	35.1%	29.5%

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2009 and 2008, were as follows:

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Current deferred taxes			
Deferred tax assets:			
Excess accrued employees' bonuses	**¥ 1,657**	¥1,440	**$ 16,869**
Excess reserve for losses on contracts	**641**	904	**6,526**
Other	**11,096**	5,647	**112,958**
Total current deferred tax assets	**13,394**	7,991	**136,353**
Deferred tax liabilities:			
Other	**(1,031)**	(218)	**(10,495)**
Net current deferred tax assets	**¥12,363**	¥7,773	**$125,858**

For the year ended March 31, 2009 there is no valuation allowance and for the year ended March 31, 2008, the valuation allowance of ¥192 million has been deducted from the gross amount of the current deferred tax assets.

March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Non-current deferred taxes			
Deferred tax assets:			
Loss recognized on percentage-of-completion method not deductible for income tax purposes	**¥ 196**	¥ 196	**$ 1,995**
Employee's Retirement and Severance benefits	**4,167**	4,243	**42,421**
Excess bad debt expenses	**5,724**	3,284	**58,271**
Other	**758**	1,232	**7,717**
Total non-current deferred tax assets	**10,845**	8,955	**110,404**
Deferred tax liabilities:			
Net unrealized holding gains on securities	**(1,405)**	(4,554)	**(14,303)**
Other	**(140)**	(138)	**(1,425)**
Total deferred tax liabilities	**(1,545)**	(4,692)	**(15,728)**
Net non-current deferred tax assets	**¥ 9,300**	¥ 4,263	**$ 94,676**
Deferred tax liabilities for land revaluation	**¥ 3,783**	¥ 3,783	**$ 38,512**

For the years ended March 31, 2009 and 2008, the valuation allowances of ¥559 million ($5,691 thousand) and ¥211 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

NOTE 9 — LAND REVALUATION

Pursuant to Article 2 of the Enforcement Ordinance for the Law Concerning Land Revaluation (the "Law") effective March 31, 1998, the Company recorded its owned land used for business at the fair value as of March 31, 2002, and the related revaluation difference, net of income taxes, was debited to "Land revaluation, net of deferred tax portion" in the net assets section. The applicable income tax portion was reported as "Deferred tax liabilities for land revaluation" in the non-consolidated balance sheets at March 31, 2009 and 2008. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of revalued land as of March 31, 2009 was ¥4,706 million ($47,908 thousand) less than the book value as of March 31, 2009.

INDEPENDENT AUDITORS' REPORT

JGC CORPORATION

To the Shareholders and Board of Directors of
JGC Corporation (Nikki Kabushiki Kaisha):

We have audited the accompanying non-consolidated balance sheets of JGC Corporation (a Japanese corporation) as of March 31, 2009 and 2008, and the related non-consolidated statements of income, changes in net assets for each of the three years in the period ended March 31, 2009, expressed in Japanese yen. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these non-consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of JGC Corporation as of March 31, 2009 and 2008, and the non-consolidated results of their operations for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 26, 2009

JGC GROUP

As of March 31, 2009

JGC CORPORATION

PROCESS LICENSING SERVICES
- ● Nikki-Universal Co., Ltd.

SPECIALIZED CONSULTING SERVICES
- ■ Japan NUS Co., Ltd.

ENGINEERING & CONSTRUCTION SERVICES
- ■ Nikki Construction Co., Ltd.
- ○ Nikki Shoji Co., Ltd.
- ■ JGC PROJECT SERVICES Co., Ltd.
- ■ JGC Corporation Europe B. V.
- ● M. W. Kellogg Limited
- ■ JGC SINGAPORE PTE LTD
- ■ JGC PHILIPPINES, INC.
- □ PT. JGC INDONESIA
- □ JGC (USA), Inc.
- □ JGC-DESCON ENGINEERING (PRIVATE) LIMITED

GLOBAL WARMING GAS-EMISSIONS CREDITS BUSINESS
- ● JMD Greenhouse-Gas Reduction Co., Ltd.

MAINTENANCE SERVICES
- ■ JGC PLANTECH Co., Ltd.
- ■ JGC PLANTECH AOMORI Co., Ltd.

SYSTEM SOLUTION SERVICES
- ■ JGC Information Systems Co., Ltd.
- ■ J-SYS Software Co., Ltd.

OFFICE SUPPORT SERVICES
- ■ Nikki Business Services Co., Ltd.

WATER & POWER GENERATION BUSINESS
- ■ JGC-ITC Rabigh Utility Co., Ltd.

CATALYSTS & FINE PRODUCTS
- ■ JGC Catalysts & Chemicals Ltd.
- ■ Japan Fine Ceramics Co., Ltd.
- ● Nikki-Universal Co., Ltd.

□ Total engineering
▨ Catalysts and fine products

■ Consolidated subsidiary
□ Non-consolidated, non-equity-method subsidiary
● Equity-method subsidiary or affiliate
○ Non-equity-method subsidiary or affiliate

BUSINESS	COMPANY	COUNTRY	CAPITAL	CAPITAL SHARE	OTHER
Process Licensing Services	**Nikki-Universal Co., Ltd.**	Japan	¥1,000,000,000	50%	
Specialized Consulting Services	**Japan NUS Co., Ltd.**	Japan	¥50,000,000	80%	
Engineering & Construction Services	**Nikki Construction Co., Ltd.**	Japan	¥495,000,000	100%	
	Nikki Shoji Co., Ltd.	Japan	¥40,000,000	24.5%	
	JGC PROJECT SERVICES Co., Ltd.	Japan	¥200,000,000	100%	
	JGC Corporation Europe B. V.	The Netherlands	€2,768,000	100%	
	M. W. Kellogg Limited	U.K.	£Stg.890	44.94%	
	JGC SINGAPORE PTE LTD	Singapore	S$2,100,000	100%	
	JGC PHILIPPINES, INC.	Philippines	P340,000,000	95%	
	PT. JGC INDONESIA	Indonesia	US$1,600,000	100%	* JGC 70% * JGC PROJECT SERVICES 30%
	JGC (USA), Inc.	U.S.A.	US$100,000	100%	
	JGC-DESCON ENGINEERING (PRIVATE) LIMITED	Pakistan	PRs.110,000,000	51%	* JGC SINGAPORE 51%
Maintenance Services	**JGC PLANTECH Co., Ltd.**	Japan	¥135,000,000	100%	
	JGC PLANTECH AOMORI Co., Ltd.	Japan	¥50,000,000	100%	* JGC PLANTECH 100%
System Solution Services	**JGC Information Systems Co., Ltd.**	Japan	¥400,000,000	100%	
	J-SYS Software Co., Ltd.	Japan	¥30,000,000	100%	* JGC Information Systems 100%
Office Support Services	**Nikki Business Services Co., Ltd.**	Japan	¥1,455,000,000	100%	
Catalysts & Fine Products	**JGC Catalysts & Chemicals Ltd.**	Japan	¥1,800,000,000	100%	
	Japan Fine Ceramics Co., Ltd.	Japan	¥300,000,000	100%	
	Nikki-Universal Co., Ltd.	Japan	¥1,000,000,000	50%	
Global Warming Gas-Emissions Credits Business	**JMD Greenhouse-Gas Reduction Co., Ltd.**	Japan	¥30,000,000	47%	
Water & Power Generation Business	**JGC-ITC Rabigh Utility Co., Ltd.**	Japan	¥319,533,500	55.43%	

OUTLINE OF JGC

As of March 31, 2009

Established October 25, 1928

Capital ¥23,511,189,612

Number of Employees 2,069 (Consolidated: 5,739)

Major Shareholders

	Number of shares (thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,005	7.72
Japan Trustee Services Bank, Ltd. (Trust Account)	18,377	7.09
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	13,462	5.19
Nikki Shoji Co., Ltd.	12,112	4.67
Sumitomo Mitsui Banking Corp.	11,000	4.24
JGC-S Saneyoshi Scholarship Foundation	8,433	3.25
SSB Clients Omnibus Om04	7,298	2.81
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	6,000	2.31
Mizuho Corporate Bank, Ltd.	5,700	2.20
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,625	2.17

JGC's treasury stock holdings total 6,250 thousands shares, approximately 2.41% of total shares issued.

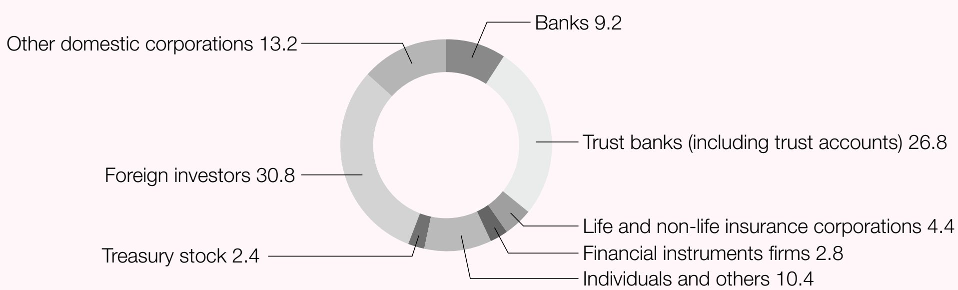
Authorized Shares 600,000,000

Issued and Outstanding Shares 259,052,929

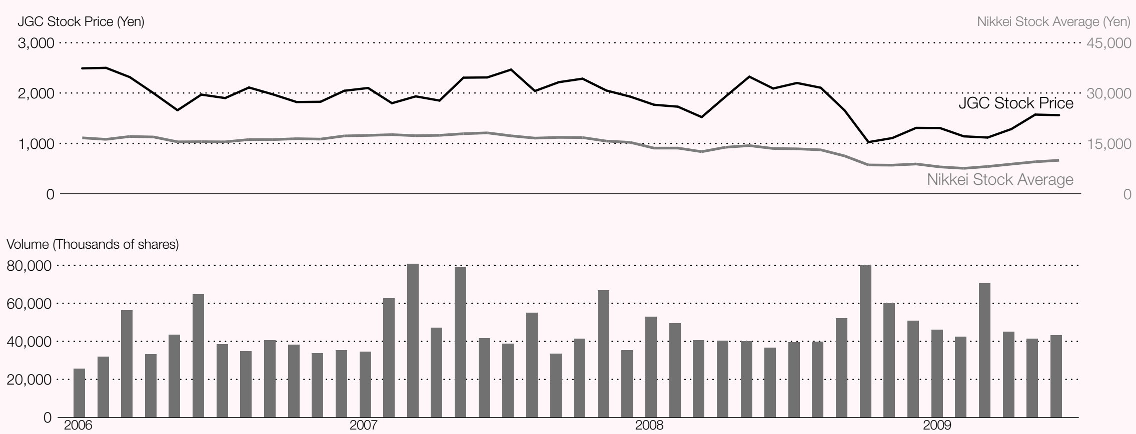
Number of Shareholders 12,261

Administrator of the Shareholders' Register Mitsubishi UFJ Trust and Banking Corp.
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

Distribution of Shareholders (%)



Stock Price



DOMESTIC OFFICES

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